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SUPPLEMENT

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Commentator Scores Yeltsin, Other CIS Presidents as Autocrats

954F1382A Moscow LITERATURNAYA GAZETA in Russian No 6, 8 Feb 95 p 11

[Article by Oleg Moroz: "Presidential Autocracy—That is How Everyone East of Brest Understands the Presidential Form of Government"]

[FBIS Translated Text] After the collapse of the Union, presidents became the fashion everywhere in its ruins. Here a president, there a president...The number of presidents on the planet jumped sharply, and it seems the CIS holds first place for presidents per capita.

Such an abundance of these perishable fruit of state bureaucracy creativity is understandable. As we recall, all the republics wanted very much, no, they were simply starving to become independent of each other. And what faster way is there to signify your independence than to set up the full range of appropriate symbols—a seal, a hymn, a flag...and a president.

The trouble is, though, that in the old days, in the boundless expanses of the former Union, there were no presidents anywhere, and therefore to this day people do not understand very well what kind of fruit this president is, and how you eat it.

But there is at least one thing that is clear (theoretically): A president is definitely not an all-powerful, autocratic ruler who operates on the principle, "I will do whatever I want."

And so, bearing this in mind, can we consider Niyazov, for example, a president?

It is a rhetorical question. I don't even want to explain the absurdity of it. What is the point?

So what kind of president is Niyazov? What, you're laughing? He is whatever you like—khan, shah (incidentally, they say that not long ago at the Council of Elders he sounded out public opinion: How would they feel if he were proclaimed the Shah of Turkmenistan). Absolute omnipotence reinforced even in outward symbols, even in his title—Turkmenbashi, leader of the Turkmens—which was supposedly given to him unanimously by the people (in reality, of course, it was the lackeys at court). I am not even mentioning that Niyazov was elected without opposition, on the pure Soviet model: Everyone votes "for," and whoever votes "against" or does not go to the polls at all is considered a vote "for" all the same. So the entire people, as they say, "in a unanimous burst of enthusiasm..."

The only thing subject to analysis is, why was it in Turkmenistan in particular that the latest "great leader," "great helmsman," or celestial being (although he can, when necessary, be a simple man too—well, after all, what would the journalists, poets, and akyns who meet him write otherwise) appeared. Perhaps the reason is that Turkmenistan is the richest country in Central Asia in natural resources. They say that it is richer than Kuwait. To become full master of this wealth, as it has been done in the oil-producing Arab Middle East—isn't that a magnificent goal and temptation? And how can you attain such a goal with all this rubbish about democracy, all these elections and runoffs? This gives rise to the extension of Niyazov's presidential powers for another five years, until the year 2002, and apparently to secret dreams of lifetime rule, even passing the throne to an heir. This gives rise to profound, scholarly studies of the genealogy of the leader of all Turkmens, evidently in the hope of establishing that he descended from Tamerlane or Ghengis Khan.

All this is done, needless to say, to the accompaniment of talk about the fact that "the level of social culture in the republic is still very low," that the Turkmen people have not matured to the level of any other kind of government but authoritarian, and that power in the hands of a sole ruler fits Turkmen traditions. And in general, the East is the East. But if you dig into history you will not find in it any "all-Turkmen" khan-bogdohans or shah-padishahs.

Niyazov today is apparently one of the richest men in the world. He himself announced that he has $3 billion from the Turkmen treasury in his accounts in foreign banks. He is holding the money in his own pocket, you see, for safekeeping. And in general, when you are standing at the gas tap the dollars fall into your pocket by themselves.

Niyazov mechanically turned the Communist Party into a democratic party, without changing or replacing anyone. The Medzhlis is only scenery. All the newspapers there sing the same tune (this is roughly as if all of us were commanded, by a stuttering voice: "Measure yourselves against ROSSIYSKAYA GAZETA!"). Opposition has been prohibited. The ban is convincingly backed up with repressive actions. According to information from Turkmen political emigres living in Moscow, last year 1,200 persons "disappeared without trace," and 126 were executed by gunfire. Along with the criminals it appears that there were among them a number of Niyazov's political enemies. In the venerable Soviet tradition, mental hospitals are being used to pacify dissidents.

In short, through the efforts of Niyazov and his helpers, Muscovite imperial totalitarianism has been smoothly transformed into local republican totalitarianism. All the delights of the regime were carefully preserved, and some were even amplified.

Niyazov is an autocrat. No issue, not even the simplest one, is decided without him. He has all the broad gestures and impulsive projects which are typical of all autocrats. For example, after visiting Saudi Arabia and feasting his eyes on the white marble palaces there, Niyazov ordered that buildings in Ashgabat be faced in marble. This is in a city where many structures have not been repaired since the earthquake nearly 50 years ago. The expensive facing material was purchased and brought in from faraway places, and they started using it to decorate the facades and sides. Then they found out that the old buildings were sinking under the weight of the facing. How does this differ from Khrushchev's corn?

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In fact, there are examples that are closer to corn. Not long ago Niyazov decided to achieve "sugar" independence from Russia and Ukraine. He built a sugar refinery and bought sugar beet seeds in Iran. For some reason, however, the beet did not want to grow in Turkmenistan. The refinery is standing idle. Just like many other plants, complete and incomplete.

At Niyazov's order millions of dollars are being poured into reconstruction of the central part of the capital, around the presidential palace. This is in a republic where the average wage is $2-3 a month. The stores are empty...

My colleague Yu. Solomonov, who recently published a sympathetic interview with the Turkmenbashi in LITERATURNAYA GAZETA, observed that, on the other hand, you can walk around Ashgabat at night (which is not recommended in Moscow). But this is elementary: Authoritarian regimes everywhere are much more successful than democratic ones in fighting crime. In them you can walk around the city all day and night (if there is no curfew). They will bring the Black Maria to your door.

Karimov differs little from Niyazov, although he sometimes makes fun of his neighbor, of his second surname—Turkmenbashi, and of all his other primitive cultural attributes—the endless portraits, and the factories and military units bearing the name of the great leader. The general opinion is that Karimov is "more intelligent, more educated, and more flexible." To some extent relations between Karimov and Niyazov are the relations of teacher and student. Or perhaps of a more skillful dictator and a less skillful one. Niyazov often calls Karimov and consults with him. He copies many of his decisions.

Can Rakhmonov be considered a president?

This is a more ridiculous question than to ask about Niyazov. Rakhmonov is not an independent figure; he is a puppet of one of the clans, maintained by nothing but Russian bayonets.

Perhaps the only president in Central Asia whose name does not evoke instant psychological revulsion is Askar Akayev. But he too is tsar and god in Kyrgyzstan. For now he is largely a "good" tsar. He is not that bad. Well, at least he is better than the others.

Can Lukashenka be considered a president?

I do not mean his legitimacy, as they call it, but his method of actions in the rank of president.

Oh no, he can be whatever you like—a local Belorussian grand prince, a baron, or a ruler, but not a president. Furthermore, this is a man who is always under the power of phantoms and chimeras. He shoots from the hip.

Just recall the story of his course of treatment last fall in Sochi. While Lukashenka was gone, and he was gone just two weeks, the government decided to do as much as possible in the reform area. Economic reforms, as we now know, are inconceivable without a rise in prices. Prices, therefore, rose. But then, as the local newspapers wrote, "Our wise father returned, found that his beloved people were hurting, and came to the defense of his beloved people." He created a disgraceful scene on television.

I want to quote a few passages from that November television speech by Lukashenka, and let the readers conclude for themselves: Who is this talking, a president or a dictator?

"As of Monday all prices must be returned to their places, to the level of 1 November plus 18-20 percent. This affects all forms of property. There will be two days for reflection. Cases of failure to carry out my directive will be found out, and the people exercising power in the trading organizations and at the enterprises will be removed from their jobs and arrested."

The second passage is directed to entrepreneurs, the "so-called businessmen," as Lukashenka puts it:

"I have never intimidated you, but I want to give you a final warning." The "so-called businessmen" were told they should "restructure and start working in production within 100 days."

The third passage was addressed to journalists who, it must be admitted, do not let any of the CIS presidents go unwatched:

"The mass information media must assume a correct, state-minded posture. If my demand is not carried out, we will take appropriate steps."

Can you picture the U.S. President demanding, for example from entrepreneurs involved in the insurance business, that they restructure and get to work producing automobiles within 100 days? Or that the NEW YORK TIMES and the WASHINGTON POST take a "correct" posture?

The opposition—in Belarus there still is one—declared concerning this televised disgrace that "The state is led by a man with an unstable mind who possibly does not adequately understand reality." Further: "A 'sick' nation elected a 'sick' president."

In general, all of us who populate the CIS are sick.

"Master" and "father"—these are the only names they call Lukashenka in Belarus. Are these synonyms of the word "president?" We certainly remember who was called "master" in the glory days.

Like Zhirinovskiy, Lukashenka is betting on primitive populism. Guards! They raised prices! Treason! Wrecking! Prices are lowered to their former level on his command (afterward, naturally, they leaped back to the higher levels). But a vast sum of money—in the form of subsidies—was expended on this populist operation in the name of "ardent love for his people." It came out of the pockets of those same people. The newspaper headline read: "The President's Love for His People Cost the Latter 100 Billion Rubles."

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Lukashenka loves to tame prices in general. It is his hobby. The female gymnasts on the national team once complained to him that they did not have a good gymnasium in which to prepare for victorious performances. "You will have a gym!" the president promised, and to find the needed funds he upped the price of vodka. The logic here is understandable, of course: Gymnastics is good for the health, and what good is there from vodka? Nothing but harm. As a result of Lukashenka's experiment, Belarus vodka became practically the most expensive in the world, demand for it fell, and the liquor plants virtually shut down...

Or take the more recent story of Deputy S. Antonchik's report about corruption among people around the president. Lukashenka himself tells the story for all to hear: He supposedly "ordered his boys from the special services" to bring him a copy of this text. They carried out the order—they broke through the iron door of the deputy's apartment.

If there were nothing else at all, just this one episode would have squelched the career of any normal president in any normal country. We certainly remember the impeachment brought against U.S. President Richard Nixon because his "boys" penetrated the headquarters of his rivals during the election campaign. In that case it was never clarified whether Nixon gave them such an "order," or even whether he knew about it at all. So then what can you say about a president who bragged openly of his boldness? This is the same thing as committing hara kiri.

Can Leonid Kuchma be considered a president?

Not much is known about him at present. Except his intention to conduct reforms "on the Pinochet model," that is under conditions of a harsh authoritarian regime. Perhaps that is in fact better than to be a plain-spoken authoritarian who carried out no reforms, like his predecessor of the same first name, Leonid Kravchuk.

Can Nazarbayev, Aliyev, and Shevardnadze be considered presidents?

Properly speaking, the line that separates presidents from non-presidents is very subtle and hard to grasp. A president together with parliament must constitute a working team, the president on one side of the yoke and parliament on the other. They balance one another.

To the unaided eye it is obvious that parliament does not create any kind of counterbalance to the president in Kazakhstan, Azerbaijan, or Georgia. Although to differing degrees, they are all controlled structures. Each of them is subordinated by a "father of the nation" who is perched in the president's chair.

Ter-Petrosyan? Even if he were to want to become a real, civilized president, the war, blockade, and permanent crisis demand something quite different from him—they give him dictatorial powers.

Perhaps the one closest to the presidential standard is Moldovan leader Mircea Snegur.

Can Yeltsin be considered a president?

The fact that we do not have a president, but rather a full-blown dictator, is best illustrated by the history of Chechnya. Yeltsin unleashed a full-scale war there not just without consulting the Federal Assembly—he did not even notify them. And the so-called parliament was unable to do anything to stop the slaughter or somehow bring it within a civilized framework. The shouts, wails, groans, and shrieks of individual deputies, committees, subcommittees, and factions are heard constantly in the Duma and in the Federation Council. But all this resembles the bubbling in a kettle with a tightly closed lid. Nothing gets out. Yeltsin is openly flaunting his contempt of parliament when he fails to appear on the invitation of the Federation Council "because he is too busy." That is exactly what the "Chechen" ministers—Grachev, Stepashin, and Yerin—do. They have been buried in work for some time: bombing, shelling, killing, destroying...In a word, restoring "constitutional order."

Yes, of course, Sergey Adamovich Kovalev and his deputy colleagues Molostvov, Borshchev, and many others have engaged in truly heroic battle against the monstrous war machine which is crushing the little southern republic beneath the roar of its caterpillar treads. Thanks to them and many others, including nameless people, a grain of humanism has been added to the unlawful, shameful, satanic business. But Kovalev and his comrades, of course, were acting less as members of parliament than in their usual—at least for Kovalev and Molostvov—role of embattled human rights defenders who are ready to lay down their bodies for the sacred ideas of truth, justice, and conscience.

Parliament was simply used to wipe the authorities' boots. And parliament made no response, just cleaned itself off and went about its "important state activities" as if nothing had happened.

All this commotion in the Duma and the other, "higher" chamber, in the halls and side rooms, with crowds of journalists, endless interviews and press conferences, quiet tiptoeing and loud outbursts, multilevel schemes and complex chess combinations—all of this, unfortunately, is just a simulation of real political life. Everyone knows that serious decisions are not made here, not in these halls and side rooms, and not even in the meeting hall. They are made in a completely different place, off in some bathhouse where the top leader is steaming himself with two or three husky, powerful, tested and trusted men. Or maybe in the dressing room at the bath-house, "over a bottle."

We do not have a parliament. That is, physically perhaps it exists, and it has been allowed to adopt a few laws for the sake of propriety. But it does not perform its most important function, the function of controlling the executive branch. The tailors who cut out our most recent Constitution did it so cleverly and the furriers sewed things together

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so inventively that the "suit sits well" only on Yeltsin. The Duma and the Federation Council got what was left over.

I will admit that I was one of those who were not much disturbed by this when the Constitution was adopted. It was not as if, by Russian tradition, I believed strongly in the "good tsar"; I simply did not think that the transformation of the primary elected representative of the people into an authoritarian ruler was fatally inevitable. Even today I do not think that this was inevitable. At that time one thing was clear: Despite his endless vacillations and innumerable mistakes, Yeltsin still held to the correct path in the main things. Unfortunately, those who insisted that constitutions and laws should not be adopted to fit a particular individual proved to be right. Furthermore, a person changes. In this case the changes came with simply cosmic speed. The disintegration of the "democratic president" took place before our eyes, in a matter of months.

Chechnya put an end to the "basically correct path." This is not something that can be classified as a tolerable mistake or an inevitable cost (when you cut wood, they say, chips fly). It is a failure. The failure of Yeltsin as a politician, and as a man. The failure of our hopes for him. It is 100-percent political suicide.

I have already written—a year and more ago—about all the stupid things, all the showy superficiality that gradually began attracting our head of state: a presidential regiment, a presidential band. This distraction is growing stronger and stronger. One is struck by the exaggerated respect Yeltsin has begun to show for his own persona, how reverently he refers to himself in the third person, "The president has ordered," or "The president will sign the edict within days."

What can you say about the flunkeys who surround him?! It hurt when Sergey Adamovich Kovalev told how Ilyushin, Yeltsin's first assistant, instructed him in how to talk to the president, what could be asked and what could not. He gave instructions about such nonsense to a man whose mind was focused on the pictures of Dante's Inferno which he had seen hourly in Groznyy.

And look at the way Yeltsin walks lately, with a kind of tsar's importance. He doesn't walk, he proceeds.

You could shut your eyes to all of this—people are weak. He is not the first, and he will not be the last. But then this seemingly innocent game, playing tsar, turns into nightmare and horror, as we see. The most disgraceful thing is that Yeltsin did not sit down to the bargaining table with Dudayev. Dudayev was not on his level, you see (this was after they had started calling Dudayev an ordinary criminal). I understand that these talks could have been dragged out; let them try to reach agreement for now at lower levels. But when it became clear that these lower-level talks were not producing results, when bloodshed seemed imminent—how could he not get involved personally? Indeed, if at that moment **JUST ONE LIFE** hung in the balance, how could he not do everything possible to avoid this threat? And now it has taken thousands of lives! Is this a matter where "levels" and other procedural foolishness must be worked out?

Yes, it is hard for us Asiatics to get ourselves a full-fledged state figure, a president, something that was conceived in the Western democracies!

Strange as it seems, however, we find the classical model of presidential autocracy not somewhere off in savage Asia or Africa, but right there, in that same progressive and advanced West. Moreover, in what you could call very recent history. I have in mind the rule of De Gaulle in France. De Gaulle never concealed exactly what kind of regime he was trying to establish. His ideal was a state order in which the president would perform the functions of absolute monarch. "France needs a monarchy," the general said, "but not a hereditary one originating in Divine Right. It needs an elective monarchy. I am performing the functions of a monarch on behalf of France." And more, "Indivisible state power has been fully transferred to the president elected by the people and there is no other power—not ministerial, civil, military, or judicial—which can be delegated or exercised against his will."

The Constitution aroused nothing but contempt in De Gaulle. "We know what all these constitutions are worth! We have had 17 of them in 150 years, and the nature of things proved stronger than the texts of constitutions."

It is amusing that De Gaulle also explained the need for a "presidential monarchy" by the fact that it best corresponds to the "nature of the French people and to what they really want." Authoritarian power always and everywhere justifies itself by the demands of nature and tradition.

But De Gaulle is De Gaulle. The French were saved at the moment when there appeared in the role of president a man who, although vain, made the object of his vanity the romantic goal of the "greatness of France," a man who served for seven long years and after that for part of a second term. He was a man of modest, ascetic habits, indifferent to honors, money, and material blessings. It is hard even to imagine what would have awaited the country if some arrogant, unmanageable person, or maybe an alcoholic, had reached the throne of the monarch-president.

Incidentally, an acquaintance of mine, who lived in France many years, assured me in all seriousness that one cause of the vast student turmoil in May 1968 was that the students suspected the president of a certain secret vice: Their suspicion was fed, you see, by the huge dimensions of the general's purplish nose. And the fact that there were no posters saying "Retire the alcoholic president!" at the demonstrations, such as one sees in our country these days, is because the French are considerate people.

Personally, I am convinced that all this talk is nonsense.

De Gaulle voluntarily retired in a situation that was incomparably better for him than, say, the situation in

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which Yeltsin finds himself today. De Gaulle left three years before the expiration of his presidential powers, feeling that the nation's trust in him was beginning to decline. He left and remained a great man in people's memory.

It cannot be said that there have not also been other Western presidents who mused on the might of presidential power, its origins, limits, and restrictions. In his memoirs, Richard Nixon writes:

"The enemies of a strong White House claim that it conceals the danger of turning into an 'imperial presidency.' I think that it is just the opposite: The president needs a strong White House to avoid being turned into a compliant servant of Congress and the bureaucracy."

This appears to be the subject of the "imperial presidency" again. But do you catch the difference? Nixon is not talking about absolute presidential power at all, only that the president should withstand the pressure of parliament. The author of the memoirs sets out a complete, very wise theory of the best way to do this. He analyzes the role of various American presidents beginning with Abraham Lincoln. Who had a majority in Congress, and who did not. Who was able to reach agreements on support with the majority leader of the Senate and the speaker of the House of Representatives, and who was not. In which cases the leader and speaker proved able to sway their chambers in favor of the president, and in which cases they could not.

With all their differences, not a single American president had an unlimited number of degrees of freedom (a term from mechanics). That simply cannot be. The master of the White House must constantly look over his shoulder at Congress. And not just at Congress. He has to think constantly about the voters, and the press. And this means think, not wag a threatening finger at them as Lukashenka and other CIS presidents do every now and then.

Our Russian Constitution grants the head of state these very degrees of freedom—and to what an extent! Indeed, if it had limited him in some respect, this would change little. Our Scythian-Byzantine mentality is such that for us a president is a tsar. A tsar! It does not take a lot of imagination to picture the various conversations in our head of state's "inner circle," in that same bath-house dressing room or somewhere else. "Boris Nikolayevich! What are you doing? You're the president! Everything is in your hands!" says one of the men with him. "You just say one word!...Here is a pen. Sign an edict, and everything will be the way you want!" Then later everyone racks their brains over these edicts. Some of them are stopped at the last minute. A kind of previously unknown phenomenon has appeared—the edict is signed, but does not take effect. Others, by contrast, fly out with cosmic speed.

Was it perhaps at one of those moments that Yevgeniy Savostyanov, deputy director of the FCS [Federal Counterintelligence Service], who had dared to block Korzhakov and Barsukov's way, was casually thrown out just two hours after he did this?

Naturally, Nixon's words about a "strong White House" can only be interpreted in one way in our "Russky" conditions: bloat up the president's guard, the security service, increase it to 40,000, then to 100,000. Create a national guard as the "armed support of the political leader of the state." Get into everything, especially where big money is involved—in dealings with commercial banks, in oil exporting.

Yes, in Russia the president is a tsar. They were well aware of this after the February Revolution. That is why they did not establish the position of president. They were all sick and tired of tsarist autocracy, and did not need to establish presidential autocracy too.

For the same reason that embedded in our genes we have an idea that the "personal" ruler, the little father-tsar, is the only possible option, I think that the institution of the presidency has no future in Russia today. If we want to see the country democratic. To keep the position of president makes sense only for the transitional period, to maintain at least minimal controllability in the shaken and disorganized state machine. After that a prime minister is certainly enough.

(Please do not confuse my position with the position of the communists. They also appear to oppose the presidency. Their dream is that Zyuganov will be elected president, and his first edict will be to eliminate the presidency. It is so elegant! In fact, of course, the communists cannot get along without a tsar. This was demonstrated clearly in their 70 years of rule. They just do not like the word "president." They like the phrase "general secretary.")

For France, a civilized country where respect for the law, the laws, and people is in the blood, the episode of De Gaulle's rule was not frightening; it was exactly that, an episode, a deviation from the norm which was soon and without difficulty ended (and under De Gaulle democracy was preserved). For us, however—I mean the Russians, the Belarusians, and the other peoples of the CIS—the crowning of autocratic presidents is far from a harmless episode. It can be a return to the usual path (really, we know no other): "master"—general secretary—dictator.

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Economic Issues

Moscow Mayor Granted Control Over City's Privatization Process

954F1359A Moscow KOMMERSANT-DAILY in Russian 7 Feb 95 p 1

[Article by Viktor Melnikov: "New Presidential Edict: Moscow—Both State and City"]

[FBIS Translated Text] Moscow's mayor Yuriy Luzhkov has every right to regard yesterday as a landmark in his career as an apparatchik. An edict entitled "On the Second Stage of Privatization in the City of Moscow" and signed by the head of state would seem to mark the end of the standoff between the Moscow city government and the State Committee for State Property Management—with total defeat for the latter. The fight for a special privatization procedure in the federal capital begun by Luzhkov in August 1993 has ended in victory for him. Now there will be two kinds of post-voucher privatization in Russia, one for Moscow, and one for the rest of the country.

The intent of the president's edict is fairly simple, though this in no way detracts from the Moscow mayor's achievements, especially after the formal defeat of Vladimir Polevanov, former vice-prime minister and head of the State Committee for State Property Management, who late last year unsuccessfully attempted to recall Anatoliy Chubays and audit the results of voucher-based privatization. It is hard to say to what extent the "revelations" made by this rebellious Polevanov, who has now moved over to the presidential administration, influenced this edict, but one is struck by the fact that the principal ideas contained therein correspond to those once defended by the former vice-prime minister. However, in practice those ideas will be implemented in a rather lopsided manner: the course of privatization in Moscow will not be determined by universal rules established by the federal government, but instead by Moscow's own legislation.

Most striking is the fact that the edict permits Moscow's government to determine the initial price of state-owned and municipal enterprises being sold through competitive bidding (including investment competitions) or at auction on the basis of balance sheets for the quarter preceding submission of the privatization application.

However, according to the key provisions of the "State Privatization Program After 1 July 1994," as approved by presidential edict on 22 July of last year, the basis for calculating the initial price should be an enterprise's balance sheet as of 1 January 1994. Furthermore, the actual price of an enterprise when offered for competitive bidding may not fall outside of a price range of from 70 percent to 200 percent of the value calculated on the basis of balance sheet figures. It is clear that this new edict introduces a different procedure for price calculation, one that is theoretically better adapted to high inflation rates. This alone should preclude an interest in quick sale of a privatized facility both on the part of its management and on the part of regional leaders. However, in actuality this statute is fraught with the danger that the nominal value of an enterprise just prior to its offering could change rapidly in one direction or the other.

A second key point: according to the edict, privatization of real property located within Moscow's boundaries "creates a right on the part of the owner of that property to receive a long-term lease (for 49 years) to the corresponding parcel of land." Furthermore, model contracts for long-term land leases are to be drawn up by local governmental bodies, i.e. the Moscow government and duma. Sales of parcels of land in Moscow will be made only on the basis of a special legislative act. The edict gives the city government six months to draft it, after which it must be submitted to the city duma in the form of a legislative initiative. In this case the only concession to federal structures was a reference to the fact that the draft law must be approved by the State Committee for State Property Management, the Russian Federation Committee on Land Resources and Land Management and the Ministry of Construction. In order to ensure that that approval process is not too burdensome for Moscow authorities, the edict states that when the law is drafted consideration must be given to future plans for development and reconstruction of the urban environment, as well as regional zoning.

In any event, when decisions are made regarding changes in land ownership the priority will now be given to Moscow's laws rather than federal legislation, as envisioned by the basic principles of post-voucher privatization. Moreover, the phrasing of the edict clearly indicates that the Moscow government has succeeded in achieving its strategic objective, i.e. complete control over the disposition of urban land, land which it regards as the city's principal resource.

This has called into question the federal government's realization of one of its obligations as set forth in a memorandum on economic policy in 1994-95 and sent to international financial organizations last September. At that time the government pledged to facilitate accelerated purchase of land by the owners of privatized enterprises. It appears that it will only be able to keep that promise outside the boundaries of its own capital. A more detailed analysis of the edict will appear in tomorrow's KOMMERSANT-DAILY.

Inflation in Russia Discussed at Russian-French Colloquium

954E0581A Moscow ROSSIYSKAYA GAZETA—BIZNES V ROSSII in Russian 17 Feb 95 p 7

[Article by Yevgeniy Aleksandrov: "You Cannot Cure Inflation with Money: The Central Bank Discussed the Top Problem of the Russian Economy"]

[FBIS Translated Text] The strategy for the struggle with inflation was the topic of a discussion held within the framework of the Russian-French colloquium, "Monetary Policy Under the Conditions of Elevated Inflation," which was organized on the initiative of the Central Bank of Russia. In addition to bankers, major Russian scholars,

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representatives of the Bank of France, the International Monetary Fund, the EU, prominent French economists, as well as administrative specialists of the President of Russia, RF Government and the State Duma took part in it.

In a speech at the colloquium, T. Paramonova, chairman of the Central Bank, noted that up until 1992, inflation in Russia had been mainly of a suppressed nature. Prices fixed by the state made it impossible for an excess monetary mass to be displayed openly. Inflation was expressed in the increased deficits in both the production and the consumer sectors of the economy. As a result of the liberalization of prices, its annual level began to be calculated in three-digit figures. A certain stabilization of prices in the spring and summer of 1994 was replaced by a new splash of inflation. Among the most important features characterizing the inflationary process in Russia, T. Paramonova noted the absence of real improvements in the structure of the economy, which in many ways determines the intensity and scale of inflation, the interrelationship of internal and external factors and the elevated state budget deficit. In her opinion, this question also remains open for the time being: "Which conditions of the currency rate of exchange are preferable from the standpoint of the problem of steadily overcoming inflation—fixed or floating?" Another problem characterizing the "look" of Russian inflation, in the words of T. Paramonova, is the place and role of the Central Bank of Russia in the system of the state organs regulating the economy. As the experience of many countries shows, there is a certain interrelationship between the degree of independence of the Central Bank and the level of inflation in the country. This question, however, should be decided at the legislative level.

Professor L. Krasavina noted that activation of the investment process is a very important element in the anti-inflation policy. Since the state has no money, it might make use of world experience in project financing, which is based on drawing in private capital and solid guarantees with respect to insuring investments. At the same time, we must protect our own commodity producer and put order into trade, which, in making use of the situation that has formed, is "driving up" prices inordinately and provoking a rise in inflation.

In speaking of the financial factors involved in blockading inflation, L. Krasavina expressed the opinion that right now the GKO [state short-term bonds] are being used successfully. A trend is being observed, however, toward extending their period from three to six months to a year. Moreover, their profitability is quite high. The reasonable question arises: will this not result in the next "pyramid in the air?"

In evaluating the proposal on carrying out monetary reform and revaluating paper money, using the example of Poland, L. Krasavina said categorically: we must not resort to such measures right now. Monetary reform, just as revaluation, is the concluding stage of realizing a stabilized program.

Russian scholars feel that it is more suitable for us to have an income policy based on an agreement between entrepreneurs, trade unions and the government which would limit wages and prices.

In characterizing the state of the currency market, the colloquium participants emphasized that we have already learned to regulate the activity of the currency exchanges, and now it is the turn of the interbank currency market. At the same time, it should be remembered that an excessive increase in currency interventions can lead to complete depletion of our currency reserves. Currency intervention helps to "bring down the temperature," but does not cure the illness.

It is very important to neutralize the external factors which cause inflation, and to take measures against the further dollarization of the economy. For this, we must above all create the conditions for the repatriation of Russian capital. After all, as specialists confirm, there is more Russian capital abroad right now than there is foreign capital in our country. It is helpful here to make use of French experience in managing capital that is "running away" abroad. They gave tax privileges on it, and it came back.

The main thing is, however—to bring back faith in the ruble. For this, noted the speakers, we most overcome the crisis in the state system, achieve political stability in Russia and increase the professionalism of the administrative structures.

Duma Reviewing Three Versions of Joint Stock Company Law

954E0581B Moscow ROSSIYSKAYA GAZETA—BIZNES V ROSSII in Russian 17 Feb 95 p 5

[Interview with Sergey Burkov, chairman of the State Duma Committee on Property and Privatization, conducted by Aleksandr Kapkov: "In Accordance with the Standard of the Civil Code: The Law on Joint Stock Companies Should Be Written This Way"; date and place not given]

[FBIS Translated Text] **The State Duma has examined several alternative drafts of a law on joint stock companies. The significance and importance of the law, which would settle the relationship between shareholders and the state, need not be proved yet again. Today there are more than 100,000 joint stock companies in the country, that is, every fifth person (even if you count children and old people) is a shareholder. It is therefore obvious, even to the members of the Duma itself, that collisions arise because of the lack of an exhaustive normative basis for joint stock companies, for the rights of their members and other problems. Just what should the future law be like, in order to have reliable regulation of this sphere of activity in our economy? Sergey Burkov, chairman of the State Duma Committee on Property and Privatization, comments on this.**

[Kapkov] Initially, as we know, at the first reading in the State Duma, three drafts of the law on joint stock companies were presented—from the government, form the Voronezh Oblast Duma and from the deputies included on our

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committee. The draft laws did not pass at the first reading. What happens next? How will all the many-sided interests of the parties who presented their versions be taken into consideration?

[Burkov] Despite the existing differences, all three draft laws specify similar mechanisms to regulate the creation, activity, liquidation and reorganization of the company. The interrelationships between the shareholders and the AO [joint stock company], in the person of its officials and administrative bodies, have also been "prescribed" in almost identical fashion. True, the draft submitted by the Voronezh Oblast Duma has, all the same, a number of essential differences from the government version. Obviously, we cannot help but take them into consideration, in that they reflect the interests of many regions.

The first essential thing in the Voronezh draft of the law—it does not contain any restrictions on the number of shareholders in a closed AO. Here, one cannot help but heed the arguments of the Voronezh Oblast representative. He alludes to the experience in the United States and directs attention to the fact that in America there is no federal law at all on joint stock companies. There are only state laws. But they have no restrictions on the number of members in an AO of the closed type.

One can indeed argue with the points of the draft in yet another respect. It conflicts, on certain points, with the norms on the right of ownership, established by the Civil Code. This relates to the requirement on the forced purchase or conversion of shares among shareholders who have ceased labor relations with the enterprises. To put it plainly, a quite widespread delusion is fostered when labor relations are mixed with the rights of ownership. After all, though, it is obvious that the departure of a citizen from an enterprise still gives no grounds for not making use of legally acquired property. According to this plan, the shareholder is virtually deprived of the right to sell his shares to third parties. But is this not really an encroachment on the right of ownership?

[Kapkov] Then where does this view of joint stock company formation really come from?

[Burkov] It is quite simple. The Voronezh viewpoint stems from the fact that the directors of major privatized enterprises are included in the authorial group, and they would like to maintain the organizational-legal form of their enterprises through amendments. Although in principle, this is dictated by good intentions—to avert the pilfering of the enterprises by shareholders who do not work at them, but hold shares and are trying to obtain an income at any price, even at the cost of selling the enterprise property—this sort of embodiment of the idea is again at variance, in a certain sense, with the Civil Code (Art. 102, p. 2) which was passed, in which a two-unit structure of joint stock company management is permitted only for companies which have no more than 50 shareholders. This requirement is fully justified. A company with a larger number of shareholders, and with no board of directors, as practical experience shows, is actually farmed out to the company's executive bodies. In this case, it will be very difficult to monitor them, which will ultimately lead to encroachment upon the rights of the shareholders.

As compared with the alternatives, the draft submitted by the government was worked out more in accordance with the Civil Code adopted. It specified protecting the rights of the shareholders at the highest level. This also relates to the right granted to the shareholders of closed companies to sell the shares belonging to them to third parties, on their own terms, if the AO or its shareholders cannot or do not wish to buy these shares. (Note that there is no such norm in the Voronezh draft.) The right to suspend the powers of the members of the council of directors was also granted to the assembly of shareholders. A norm also exists, in accordance with which a shareholder cannot be barred from the meeting (otherwise he can demand that the decisions of the assembly be recognized as null and void and that the official guilty of violating this right be relieved of his position). As a result, all these measures will avert possible abuse on the part of the company's higher officials.

[Kapkov] Is the government version really so nearly perfect? Since 1993, when it was published, views on joint stock companies have changed.

[Burkov] Of course, and the government draft law has essential shortcomings from today's standpoint. It lacks, for example, a section which determines the transitional situation. This would be permissible if the law had come into force in a vacuum, in other words, if no legislative acts on joint stock companies had been passed earlier, and if the companies themselves had not existed. Such legislation does exist, however, and joint stock companies now number in the tens of thousands.

Under these conditions, the law must obviously be put into force smoothly, in an "evolutionary" manner. In the transitional period, both the period for putting the law into force and the procedure for further application of the existing legislation and normative acts could be assigned, as well as the periods for carrying out the regulations of joint stock companies which had been set up earlier, in accordance with legislation then in force. In our opinion, the maximum number of shareholders in a closed company, determined in the draft law, should be substantially increased.

Furthermore, the forced "opening" of closed companies set up before the law was passed will hardly be justified solely on the grounds that they had a larger number of shareholders. This particularly pertains to joint stock companies set up in the agro-industrial complex. The founders deliberately choose the specific form of enterprise, and there is no need to foist something different on them. Otherwise, a considerable number of earlier-created joint stock companies of the closed type would have to be re-registered. This, to put it simply, would be a nuisance.

Many amendments of their charter documents and re-registration of the emission prospectus of the reformed

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joint stock companies are required, as well as payment of fines and taxes, and this does not have the best effect on the activity of these companies. In general, there is an obvious need to reinforce the norm: a closed company set up before the passage of the law can be changed into an open company if the number of shareholders is more than the limit. It is simply unreasonable to require compulsory changing of these closed companies into open ones against the will of the majority of shareholders. Incidentally, it is also difficult to do this, because the actual procedure for changing a closed joint stock company into an open one has not yet been determined.

[Kapkov] Judging from what you have said, the lack of correspondence between the present legislation and the new requirements is more than enough. One of the main things is the lack of a meeting point of interests, not only between the shareholders and the administrators, but also between the AO and the state. How can these inconsistencies be resolved?

[Burkov] We really do need harmony of interests today. Once again, it must be sought through an improvement in the state's draft law. Let us say, there must be a change in the concept contained in it, "charter capital—net assets," in accordance with which a reduction in the assets should be tied in with the announcement of a reduction in the charter capital of the AO. This may, however, prove to be a step that is fraught with consequences. Imagine the creditors of the company demanding ahead-of-schedule discharge of obligations, imagine the rush caused by fiscal interests. What company will prove solvent in this case? Not only the "inflated" AO, but also the solvent ones, engaging in production, may find themselves bankrupt.

In addition, we should also note the points of the drafts which impose forced liquidation of a company if the net assets of the AO are less than 1,000 of the minimum amounts of the monthly wage. In the last analysis, the creditors themselves may prove to be the winners from this liquidation. The most unpleasant thing is: these situations are once again at variance with the already-passed Civil Code.

Moscow Economic Crime Rate Soars

954F1344 Moscow NEZAVISIMAYA GAZETA in Russian 10 Feb 95 pp 1-2

[Article by Oleg Kutasov: "Our Home-grown Criminals Have Plunged Into the Economy: Moscow Has Taken the Leadership in This Process"]

[FBIS Translated Text] According to data from Moscow's Administration for Economic Crimes (UEP), the largest number of crimes of an economic nature (7,068)—when compared with other regions of Russia—were unmasked by the criminal police in Russia's capital. Their percentage in the total number of crimes recorded in the city grew from 8.8 percent to 12.2 percent. Moscow continues to lead the largest Russian cities in the number of serious types of crimes being recorded (2,186) and also in large-scale embezzlements (1,066), bribery (375), and illegal deals in securities (1,481). The organs of the economic crime service brought to light 6,098 crimes of an economic nature during 1994; this exceeds the previous year's level (4,870) by 25 percent. The number of serious crimes grew by 22 percent among crimes recorded. The number of detected embezzlements of all types grew by 43 percent; of illegal currency deals—by 21 percent; of economic crimes—by 14 percent; and of bribery—by 4 percent.

Last year the number of crimes detected in the banking system grew by 42 percent; in the area of export-import operations—by 50 percent; in the organs of power and administration—by 59 percent; and during the privatization process—almost threefold. The number of detected crimes in installations within the nonstate sector of the economy increased twofold.

Along with this, the reforms taking place in the economy had an effect on the structure of crimes being recorded. For example, the denationalization and privatization processes led to a 30 percent reduction in the number of detected embezzlements committed by means of larceny and a 9 percent reduction in those committed by means of appropriating entrusted property, and at the same time, a threefold increase in cases of fraud.

A total of 1,911 people who committed economic crimes, including 1,442 who committed crimes in a group, had criminal proceedings instituted against them. Among those against whom criminal proceedings were instituted, 443 were directors of enterprises and their structural subunits; 156—employees of state agencies; and 459—people responsible for material.

The established total of material losses was R24.8 billion for criminal cases ended by an investigation.

The materials of investigated criminal cases and operational information testify that large batches of automobiles, household appliances, and other consumer goods are being imported onto Russian Federation territory without paying custom duties in violation of existing laws. When doing this, the criminals use fake customs stamps and seals and also corrupt ties among customs workers.

The most important task for economic crime subunits remains protection against criminal encroachments in the area of credit and financial relationships; this determines the level of crime in the economy as a whole. The growth in the number of commercial banks, expansion of their area of activity, and the increase of their role in the city's and country's economic life are attracting criminal groups to this area and a sharp increase in robberies of banks and other commercial organizations, which have large monetary assets at their disposal, is being noted.

At the present time, 812 commercial banks (38 percent of those registered in Russia) and 1,950 of their branches (or 43 percent of all branches in the country) are registered in Moscow. In addition, the Moscow Bank of the Russian Federation Savings Bank has 740 departments and branches in the capital. During the last two years their

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number has grown more than 1.5-fold. The participation of Moscow's banking institutions in the financial operations being conducted is growing at rapid rates. Whereas it was 21 percent in 1991 and 30 percent in 1992, Moscow banks carried out more than 70 percent of the financial operations in the country during 1993-1994.

Last year the number of crimes of an economic nature detected here reached 956 and increased by 55 percent in comparison with 1993 (more than 30-fold in comparison with 1991!). The total losses from embezzlements in the financial and credit system exceed 90 percent of the total of the established losses for all criminal cases involving embezzlement.

The criminalization of the banking system is caused to a significant degree by failure to legally regulate credit and banking relations, imperfections in the mechanism of financial operations, and the absence of effective forms for controlling their implementation.

In accordance with existing legislation, monitoring of the activity of commercial banks has been placed on the Russian Federation Central Bank, which is obliged to take steps to influence banks that are permitting violations of credit and financial discipline or which have incurred debts, up to an including revocation of licenses. However, the fact that during the last two years only 34 out of 106 banks permanently on the card index have been deprived of their licenses testifies to the condition of the control. At the same time, even such a rather strict decision by the Central Bank does not solve the question of the bank reimbursing its depositors—actual persons and legal persons—for their losses. In the absence of signs of embezzlement by a bank's workers, its disputes with its clients are regulated by the norms of civil law and are resolved by arbitration and people's court organs. Considering the length of the periods for examining such cases in the courts and the size of the total amount of debt of these banks to the state and actual and legal persons—presently, it is more than R500 billion—the timely paying off of the above-mentioned sum seems unlikely.

The appropriation of issued credits and their irretrievability is one of the widespread types of committed abuses and law violations. The activity of the banks themselves, which, being in a competitive struggle to attract clients, practically do not take the necessary steps to check on their clients' solvency and ensure the monitoring of their expenditure and return of the issued assets, contributes a great deal to this phenomenon.

In turn, the internal affairs agencies are guided in their practical activity by the norms of criminal and administrative law and take coercive steps only in the presence of a crime or law violation.

Operational information demonstrates that the overwhelming majority of participants in the financial market are trying to solve their problems on their own. Because of the long process of examining disputes in arbitration and the absence of guarantees in carrying out its decisions, many of them are turning to the services of organized criminal groups in order to ensure pressure by physical force on debtors. This involves a further worsening of the criminal situation in the city.

The work practices of the agencies of Moscow's economic crime service convincingly testify to the growing criminalization of entrepreneurial structures operating in the securities market and performing operations with the monetary assets of the citizens. During 1994 alone, more than 50 criminal cases involving swindlers who, using imperfections in Russia's legislation and the credulity of citizens, obtained financial assets from citizens under the guise of purchasing consumer goods, providing various services and accepting deposits at high interest rates and then appropriated them without fulfilling the obligations they assumed, were recorded. The established material losses for cases in this category was more than R300 billion, and the number of victimized depositors—two million people.

Employees in Moscow's economic crime service stopped the criminal activity of the directors of the Impuls-Invest joint-stock company, Yevrovikt, ARS AOZT [closed-type joint-stock company] Fint-Forttreyding, Independent Oil Concern, L.E.N.I.N. Financial Investing Corporation, Multidenezhnyy Fund Trust Company, Industrial and Financial Investment Company, and many other commercial firms. For example, the general director of the Vympel AOZT appropriated more than R20 billion, the directors of the Multidenezhnyy Fund Trust Company AOZT—3.4 billion; ALD Trust AOZT—1 billion; Yurkon AOZT—800 million; Stroykomplekt-M IChP [expansion not given]—$5,500; and Sterkh LTD TOO [limited partnership]—R100 million.

Meeting Considers Obstacles to Foreign Investment in Regions

954E0565A Moscow DELOVOY MIR in Russian 3 Feb 95 p 1

[Article by A. Kastravets: "There Was No Boom. Problems Remain"]

[FBIS Translated Text] Last Wednesday the Ministry of Economy of the Russian Federation and the Chamber of Trade and Industry held the fourth and final meeting with representatives of organs of executive power on questions concerning the attraction of foreign investments in Russian regions. This time representatives from Siberia and the Far East attended the meeting.

Paradoxically, the richest kray—the country's larder—has actually been overlooked by Western investors. Some $100 million in 1994—that amount of investments does not suit either the potential or the needs of that region.

In the opinion of Ivan Materov, first deputy minister of economy, the rate of economic growth is determined by the size of investments.

The share of foreign investments by the year 2000 must reach 10 percent of the total volume of investments. At

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present, however, it is difficult to speak about the reality of such estimates, which was reiterated by many of the participants at the meeting from the Chamber of Trade and Industry: The country is far from reaching stability, the system of guarantees and preferential terms has not been well thought out, and there are not enough enforceable enactments.

Yuriy Yakovets, deputy chairman of the Russian Financial Corporation, said "Investments are the most sensitive barometer of the economic climate. In the past four years, with an overall drop in the gross domestic product amounting to a factor of two, the volume of total investments came down by a factor of three, while that of centralized investments (at the expense of the federal budget) was down by a factor of five. That tendency will continue and perhaps even intensify this year. Under such conditions we must orient ourselves toward 'live' money from the private sector, including the activity of foreign investors."

Representatives of foreign companies attending the meeting (Mobi Chemical, Coca-Cola, Ernst and Young, and others) focused the attention of regional representatives on the fact that the TEO [technical and economic feasibility] and business plans prepared at Russian enterprises are not distinguished by their high quality and the system of taxation is most unattractive. As a result, most of the investors are engaged in the creation of structures for future entrepreneurial activity and are in no hurry to invest significant financial resources in the development of production.

The investment boom promised back in early 1994 by the Ministry of Economy did not materialize and the $1.5 billion in foreign investments that came in last year is a drop in the bucket for Russia. Do you question that? Well, Vladimir Nekhoroshkov, deputy chief of administration of Novosibirsk Oblast, reported the following in a talk with a DELOVOY MIR correspondent:

Our package contains 76 investment projects. The oblast's total need is $1.5 billion in investments. The possibilities of locally available capital are very limited. Therefore we are counting on a number of capable foreign investors, Russian banking structures, and the support of federal organs.

Deputy Views Draft Law on Continental Shelf

954E0565B Moscow DELOVOY MIR in Russian 3 Feb 95 p 4

[Interview with V. Ustinov, chairman of the Duma Committee On Geopolitical Issues, by B. Krotkov; place and date not given: "Continental Shelf To Add to Russia's Wealth"]

[FBIS Translated Text] The draft of the federal law on the continental shelf has been prepared for study by the State Duma. DELOVOY MIR political observer Boris Krotkov talks with Viktor Ustinov, chairman of the Duma Committee on Geopolitical Issues.

[Krotkov] The committee you head, Viktor Ivanovich, has prepared the draft of a law on the shelf. What is it needed for when a law on mineral resources already exists? Would it not be simpler to amalgamate both into a single law?

[Ustinov] We are talking about completely different dimensions both on the natural-economic and the geopolitical plane.

The new concept of "Russian shelf" has appeared with application to the configuration of the borders of our state—Russia received 6.2 million square kilometers of the 7 million square kilometers of the outlying maritime regions of the former Soviet Union. Just imagine an immense space extending outward underwater for 200 miles. The continental shelf of the Russian Federation is thus our strategic larder, where many valuables from oil to gas and rare metals have been hidden for many thousands of years.

That was known earlier as well. The former enforceable enactments, however, pertaining to the continental shelf of the USSR of 1968 and to the economic zone of the USSR of 1984, compiled in a very general form, no longer suit the national interests of Russia and its constitution, which introduced new forms of property, as well as the sociopolitical and socioeconomic order of the Russian Federation and the new statehood of Russia replacing the former USSR, with different federal organs of executive power. In addition, in November of last year the UN Convention on Maritime Law came out, which in part determined a common approach by all industrially developed countries to the utilization of resources on the ocean bed and in the body of water above it.

Many of our partners long ago adopted national laws concerning the continental shelf and the economic zone. The same must be done in Russia without delay.

[Krotkov] In the course of parliamentary hearings organized by your committee, much has been said about the squandering of mineral and live resources of the continental shelf and the exclusive economic zone of the Russian Federation. Can you cite examples of such squandering? How could something like that have happened?

[Ustinov] The continental shelf and the exclusive economic zone of the Russian Federation first of all means oil, gas, fish, and delicious and highly nutritious marine products.

Exploiting certain difficulties in the conduct of reforms simultaneously over the entire territory of Russia, some foreign government and private organizations engaged in activities that extended beyond the framework of international and national law. A sharp increase was noted in attempts by foreigners to conduct practical operations in the exploration and development of resources of the continental shelf and the exclusive economic zone of the Russian Federation. That particularly applies to the Chukchi Sea.

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There was a significant increase in the number of illegal penetrations into our waters by foreign vessels for the purpose of predatory exploitation of our maritime products. It was necessary to literally force hundreds of violating vessels with a variety of flags—from Japan to Poland—out of the Sea of Okhotsk and the Barents Sea. The total amount of fines imposed on foreign poachers just during the Putina-94 and Zaslon operations amounted to more than a billion rubles.

It must be confessed that fanciers of easy and fast profits include many new home-grown businessmen.

How could something like that happen?

Despite the really heroic efforts of the law enforcement organs, particularly the maritime border guards, some of the basic questions are yet to be resolved, there is a lack of a clear legislative base, and agency jurisdictional issues must also be resolved.

[Krotkov] The appeal to the president by the participants of the hearings contains a request to declare invalid treaties of Russian Federation subjects with foreign governments and companies pertaining to resources of the shelf and the exclusive economic zone which contradict the constitution. Would you please name such treaties? What sort of reaction would that produce in the regions?

[Ustinov] Unfortunately such cases exist in the Far East, the North, and other areas that are distant from Moscow.

For example, officials of the Chukotskiy Autonomous Okrug agreed to negotiate with the ARK Company registered in Alaska for the purpose of granting it exclusive rights to conduct prospecting operations, development of deposits, and extraction of hydrocarbons on land and on the coastal shelf of the okrug. In this case one cannot help but recall the well-known film "Chief of Chukotka," with its scenes showing the selling off of natural riches during the civil war.

I shall also mention that a number of commercial companies in Khabarovskiy and Maritime Krays as well as in Kamchatka Oblast criminally cooperated in 1993-1994 with foreign vessels which were fishing for pollack in the central part of the Sea of Okhotsk.

One should not inevitably see this as a consequence of the frequent disparity in activities of federal and regional organs of state management. It is well known that nature abhors a vacuum and therefore any vacuum in legislation suits only those who are at odds with any code to begin with.

I shall merely say that when preparing the draft law we consulted very thoroughly with responsible representatives of those Federation subjects who are directly interested and participate in the assimilation of the shelf and the economic zone.

[Krotkov] You also proposed refraining from an examination of questions concerning the prospecting and development of oil and gas extraction in the Caspian Sea until the conclusion of an agreement with states of the Caspian Basin pertaining to the legal status of the Caspian Sea and utilization of its natural resources. Who must refrain? Russia?

[Ustinov] Special problems, and not just problems concerning oil and gas, have occurred in connection with the Caspian Sea, where its own special regime is in force as a result of legal acts concluded earlier between the USSR and Iran. Today, however, it is disputed by other recently formed Caspian states. At the same time some of them began assimilating the wealth of the Caspian Sea without waiting for proper legal regulation of their, so-called, shared participation.

The issue is that from the viewpoint of international law there was no continental shelf in the Caspian Sea, nor is there one now, since its beginning can be measured only from the external boundary of the territorial sea of a littoral state.

Furthermore, the Volga-Caspian Sea basin is also a unique fishery zone where up to 90 percent of all world reserves of sturgeon is hatched and landed. It is not just national property but something that belongs to all of mankind.

Consequently, extreme prudence is called for, along with a weighted approach by everyone not only in the position taken, but first of all in practical actions. I would place the principle "do no harm" before all others commonly accepted in the civilized international community. Therefore, restraint here would apparently benefit everyone, while the leading role of Russia by virtue of its geography, history, and particularly law is not subject to the least doubt.

[Krotkov] The proposals submitted to the president also include the following: to create a special organ in the government for controlling utilization of resources of the continental shelf and the exclusive economic zone. But it is known that today there is already a great number of various commissions, committees, and the like. Most of them, however, are of very little use.

[Ustinov] M. Bulgakov's classic utterance that each agency must do its own job is well known. Its functions, of course, must first be precisely determined. I believe that there must be a reason for the proposal to create a committee for controlling utilization of continental shelf and exclusive economic zone resources in the government of the Russian Federation. After all, we are talking about riches which will not only promote the self-sufficiency of the country for many decades, but which must be protected even today against pilfering and squandering under whatever guise.

[Krotkov] What is the main sense of the draft law that was prepared? In your opinion, how will the new law be received by the businessmen of Russia?

[Ustinov] The constitution of the Russian Federation establishes that the Russian Federation has sovereign rights and exercises jurisdiction over the continental shelf

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and the exclusive economic zone of the Russian Federation in the order determined by federal law and norms of international law. In that manner, adoption of the new law corresponds to the demand of the constitution and allows our government to coordinate matters with the international community with respect to that important issue, particularly with those countries (which include some of the leading countries of the world), that have already determined their position through their own legislation on the continental shelf.

I feel certain that the business community in Russia will approve of the new law. After all, energetic industrial assimilation of new mineral resources will allow a substantial improvement in the supply of raw material for use in the domestic economy. At the same time there will be a considerable rise in the balance of fuel-energy resources. An appropriate infrastructure will be required in regions where oil and gas resources are being assimilated, which will create additional jobs. Ecological benefits are also generated through a lightening of the load on the currently operating industrial regions.

In other words, the wealth of Russia must grow not only from inland mineral riches but from those on its continental shelf as well.

Role of Formerly Secret 'State Transport Company'

954E0545A Moscow VOZDUSHNYY TRANSPORT in Russian No 4, Jan 95 pp 2-3

[Article by Igor Grigoryev: "The Rossiya GTK Chooses Its Path"]

[FBIS Translated Text] **A year has passed since the Independent Air Detachment of Civil Aviation of the RF Ministry of Transport was converted, by presidential decree, to the Rossiya State Transport Company, and was entrusted with "the duties of organizing and ensuring the runs of special-purpose civilian airplanes for high officials of Russian Federation organs of state authority and other officials and representatives of official delegations, in accordance with individual decisions of the president of the Russian Federation."**

This aviation enterprise, formerly better known as the 235th Detachment, was in those days shrouded in such a dense veil of secrecy that it was probably no easier to penetrate than a foreign residency of the GRU [Intelligence Main Administration]. Particularly for our fellow-journalists. When an invitation suddenly arrived from the Rossiya GTK [State Transport Company], I could of course by no means ignore it. Particularly since I had my own accounts to settle with that very detachment of which Rossiya had become the successor....

Six years ago, at the very end of 1988, when perestroyka had already turned into a national Bacchanale, and glasnost promised to raze to the ground in earnest the ideals which the nation had been worshiping for 70 years, my colleague and I decided to write about the government air detachment. We took everything that had happened in good faith, you know, and seriously believed that nothing would be closed to Soviet journalists any more.

We did realize, of course, that desire alone was clearly not enough to fulfill this editorial assignment. At an audience with the first deputy minister of civil aviation, we received the assurance of full support and were even praised for such a splendid idea. Encouraged, we returned to the editorial office, and two days later phoned Aleksey Mayorov, commander of the detachment. He was courteous, and said that he had already been notified of our assignment, and invited us to come to see him. Grabbing our tape recorders and note pads, we set off for Vnukovo. We were in a splendid mood and foresaw no obstacles, especially since the people, who had sincerely accepted glasnost, increasingly expressed a legitimate desire to know as much as possible about our leaders, and questions about what plane our president was flying in, and the main thing, with whom, had often found their way to the editors' mail. And who, if not the mass information media, should satisfy the understandable interest of the common Soviet people....

How green we were!

Mayorov, I remember, greeted us very cordially, and treated us to coffee. We began to chat. As Aleksey Grigoryevich carefully picked his words, giving one-word and evasive answers to our extremely ingenuous questions, we realized that things would not be as simple as we had naively imagined. Really: With obvious reluctance, expressing his perplexity with mimicry and gestures, he communicated the fact that probably nothing would come of our undertaking. To our natural question: "Why?"—Mayorov, with a slight shrug of the shoulders, noted that the Ninth Administration of the KGB, well known to everyone, would not give approval for this: He said that the name of Gorbachev's personal pilot must not be revealed, for the simple reason that he was flying with our state officials. In general, we had to force out permission, but for the time being....

For the time being, there was nothing left for us but bewilderment. First of all, because Mayorov was well known at Aeroflot, and before his transfer to the 235th Detachment he worked as chief of the Aviation Service Administration of the Ministry of Civil Aviation. Moreover, millions of television viewers, in news reports about heads of state taking off from Vnukovo-2 constantly saw a high-ranking person in an Aeroflot uniform giving a report to Gorbachev on the crew's readiness to fly, although Mayorov's name was not mentioned in the titles. As for Western sources, the name of the president's chief pilot was well known to everyone. In a word, this was an open secret, and classifying as secret a person who was so well known to everyone went against all elementary logic. It would have been nice to receive reasoned answers to our natural questions. At that time, however, it was simply impossible to obtain them, for the simple reason that no one knew them.

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We did not lose hope right away, though. We thought, it is just a formality, that's all. They still won't be able to forbid us, not these days. Mayorov also encouraged us, advised us to act, but at the time he was flying a commercial run to New York (this was before Gorbachev's visit to the United States), and would return at the end of November. Look, by that time permission would already have been obtained.

We thought so, too. We spoke on the telephone with the KGB press bureau, having prepared and sent off the appropriate official letter. We began to wait. Finally, at the beginning of December, the answer came, with the notification that our letter had been sent for consideration to Volkov, the minister of civil aviation. We again took heart, since, it seemed to us, the problem with the leaders of the ministry had already been solved earlier. And after all—it was the era of glasnost.

They picked up our letter at the minister's office and informed us that it had been "assigned" to three (!) deputies and the chief of the Civil Aviation Political Department. Approximately a week later, having exhausted the minister's assistant with frequent phone calls, we learned that two deputies and the chief of the Political Department had given the "go-ahead," but the third deputy—on procedures—had flown off to Yerevan on a business trip (there had been an earthquake there at the time), and it was necessary, they said, to wait for his return.

Just before New Year's, we were informed that the chief of the Procedures Administration of the MGA [Ministry of Civil Aviation] had applied the classic stamp, "not expedient," which has become a heavy cross on many well-intentioned undertakings in our country. This sham significance, given in the best traditions of dyed-in-the-wool stagnation, made us completely depressed. Very reluctantly, having lost our last illusions, we still talked on the telephone to the deputy on procedures, who had returned from Yerevan, but we were not at all surprised, when he coldly informed us: They had decided to wait for a while....

The editor in chief, having found out how our intention to report on the "presidential detachment" had ended up, made a fuss, as is the custom, and promised to go directly to the minister. The circle was closed, though, nothing would ever come of this undertaking. We even got the impression that the higher management of the MGA itself could not quite conceive of all the complexity of the undertaking that we had thought up....

So we had to wait—for six whole years.

True, about one-and-a-half years after this attempt, the article "An Airplane for the President" was carried in VOZDUSHNYY TRANSPORT. Alas, however, its topic was not our president, and a totally different airplane. I remember that the teletype tape, transmitted from Washington, contained a generous amount of information on the arrival at Andrews Base of a new presidential airliner, Air Force-1 VC-25A—a modification of the commercial wide-bodied Boeing-747-200. Stepping on board, George Bush, at that time master of the White House, who had been an Air Force fighter pilot, had a relaxed chat with the crew in the cockpit, joking about the fact that he himself had absolutely no intention of sitting at the controls: He said that he would not even know how to turn on the engines of such a complicated piece of equipment.... For a test, he went off in the new plane to Kansas and Florida on pre-election business.

We learned a lot of interesting things from that item. For example, how many telephones, typewriters with electronic memory units, and secret document shredders there were on board the liner. That the president's personal physician was in the cabin compartment, in case an emergency operation had to be performed. How many portions of in-flight food could be prepared at the same time in the two buffet-kitchens. That the plane could take on board up to 70 passengers, with 23 crew members to serve them. And of the purely technical details, no secret at all was made of the speed, "ceiling," and flight range. It was reported in detail that, in contrast to the basic 747 model, the presidential liner has two retractable entrance ramps on the left side of the fuselage, and on the right side there is a baggage loading-unloading system. The presence of a second, auxiliary power unit increases the cruising capacity of the plane and its capacity for self-service, and lessens the need for ground equipment when landing at an inadequately equipped airport. Finally, taxpayers were able to learn that the two presidential liners cost the treasury $410 million, and the previous planes, of the Boeing-707 type, 1962 and 1972 models, flew a total of 5.5 million miles.

Another item revealed the way Helmut Kohl, chancellor of the FRG, flies. A special Luftwaffe subdivision is based at the Bonn-Cologne airport, and serves the president of the FRG and the federal government headed by the chancellor. Kohl flies on two types of planes with the black cross of the Luftwaffe on the side: There is a B-707 Otto Lilienthal for long-distance flights and six small Challengers for trips around Europe. The chancellor does not have a permanent crew, but is served by air force pilots in turns. Incidentally, it is by no means free-of-charge: Every ministry, including the federal chancellor's department, representatives of which fly on official visits, transfers a round sum to the account of the FRG Ministry of Defense. This does not even exclude journalists, even if they are invited by the chancellor himself. Only in cases which are exceptionally important for the country is free-of-charge flight permitted. Of its own accord, the item mentioned how many cabins there were in the chancellor's plane, in which of them Helmut Kohl is accommodated, and in passing—precisely where the security service takes up its position during the flight....

Our mass information media have maintained a sullen silence on just who, strictly speaking, serves the higher echelons of power on flights. Not of their own will, of course. At the peak of glasnost, however, PRAVDA published reports which told about the pilots of Detachment No. 235, with even a slightly blurred photograph. Even to

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the naked eye, however, it was noticeable that the stern hand of the censor had passed through the text so decisively and unceremoniously that one could only feel sorry for the author.

On the other hand, they are now writing a lot, and readily, about the Rossiya GTK, greedily going for any "hot" facts, and interpreting them extremely arbitrarily, on the strength of the fantasy let loose by nature. What is so surprising, then, when almost every such publication is followed by refutations? The reason why the press of all hues focuses so much attention on the activity of a company which, in the old style was at best called a "presidential detachment," or, at worst, a "tsarist stable"—is a distinctive one, but can in many ways be explained as a reaction to that veil of secrecy, which for long years concealed an aviation subunit that was by no means just any ordinary one. After all, the bans were, for our fellow journalists, as strong an irritant as a red flag to a bull or the galloping rate of exchange of the dollar for Russian commercial banks. So when they opened the sluice to an overabundance of curiosity, a flow of insinuations poured from the pages of the newspapers and the airwaves, and it was high time for the company management to come to its senses and demand satisfaction.

Six years later, I crossed the threshold of the Rossiya Company with a load of memories that were not the most pleasant for my professional pride. I have to admit that everything was different this time. The natural suspiciousness toward people of my now uncensored profession little by little gave way to the openness possible under today's conditions. They looked at my tape recorder quite benevolently, although... they still asked me not to turn it on. I took the hint and did not insist. On the other hand, I could write down anything I wanted to in my notebook. I even became familiar with some sort of documents, which formerly, of course, I would never have been permitted to see. True, they sometimes gave me a delicate warning that some of this information, forgive them, was not for publication.

"Yes," Aleksandr Vorostsov, deputy director of the GTK, agrees with me, "quite a few rumors have been going around about the 235th Detachment, precisely because of its extreme secrecy. Well, then, of course, the status of 'government detachment' has irritated many people—they say it is an elite, privileged subunit. Of course it is privileged, if by this you mean ready to take off for a given point at any moment, to fulfill the most crucial assignment. There is no need to mention the professional mastery—the pilots are top-class. It cannot be otherwise. I could list many points on the map where the detachment has flown with specialized pilots. These are Afghanistan, Angola, Equatorial Guinea, and Rwanda. We work in accordance with UN programs. The detachment's helicopter pilots are famous for their work at Chernobyl. How many flights we made during the earthquakes in Armenia, after all, we did not just carry the president and the premier. For example, we evacuated refugees from Baku, Tbilisi, and other places as well. Little is known about our work, though, and hence there are all kinds of rumors which are totally unfounded."

Really, the legend goes around quite a lot, even in aviation circles, that you are not talking about just ordinary people here. Let us try to make things clear.

First of all—the airplane fleet. It consists of Il-62M, Tu-154M, Tu-134, and Yak-40 planes. In addition, there are two An-124 "trucks," and two Tu-204, on which Rossiya makes operations flights, enlisting the flying complement of Vnukovskiy Airlines, and two Falcon-900V planes for business trips. The fleet will soon be augmented with two Il-96-300 planes to perform long-distance flights. It also has Mi-8 helicopters and Il-18 airplanes.

The flights of the president and the prime minister are made under the letter "a" on specially equipped liners, which are outwardly no different from ordinary ones. Inside is the "presidential" salon, which contains an office and sleeping accommodations; the other salon is designed for those who accompany him. Contrary to idle conjectures, no one of the state's top officials has the right to "his own" airplane. The president flies to Washington, of course, on an Il-62M, and on short trips—on a Yak-40, as happened during his visit to Pskov. Other statesmen use ordinary planes with a salon layout on official trips.

As for the wages of the company employees, they are somewhat higher than those of other aviation enterprises of the Moscow region, but for the flight crew—are somewhat lower. Rossiya now includes five flight detachments.

I spent several hours at the company and found out many interesting things. It turned out that carrying presidents and premiers is, of course, a prestigious job, but it is also an exacting and... thankless one—remember just the palpable jabs of the SMI [mass information media], with or without cause. Yes, and—just imagine!—unprofitable in the bargain. How can it be otherwise, though, if the so-called "hush-hush" flights take up no more than 10 percent of the company's total work volume. Here you have the market, with its Draconian economic laws. Willingly or unwillingly, substantial correctives had to be introduced in the activity of the "presidential detachment," which a year ago was transformed into the Rossiya GTK. Moreover, a presidential edict stipulated that the company not be in any way prohibited from engaging in economic and foreign economic activity—on the contrary, as a legal person, it received the appropriate authority for this.

Have you ever heard of such a thing—an elite (let us not be afraid of this word from the lexicon of inveterate snobs) aviation subunit like this engaging in commerce?! The market is the market, though, and you must not expect any indulgences, even for a state company. A company grasps its commercial ABC's by using its own experience, naturally, in consideration of its specific features.

Here, let us say, you have an official visit. The company's job is to ensure that it is paid from the minute the

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assignment arrives for the flight until the plane arrives back at the base airport. All the rest of the time, until the next visit, this plane is standing idle, remaining, naturally, on the balance sheet of the enterprise. The monthly maintenance of one machine alone costs tens of millions of rubles. All the amortization costs and technical service—are at the company's expense. In order to obtain steady profits, it must, as we know, expand the volume of work and develop new markets.

What does the Rossiya GTK deal with, aside from providing special flights? Every week the company pilots make regular flights, on a centralized schedule, from Sheremetyevo-2. They fly an Il-62M to Washington and Djakarta, a Tu-154M—to Berlin, Paris, Vienna, Marseilles, Lisbon, Bratislava, Malta, Damascus, Dakar, and Amman. These flights are made under the Aeroflot flag, although Rossiya has its own, very effective symbol. The point is that in former intergovernmental agreements on air service, concluded as far back as those on behalf of the USSR, Aeroflot was announced as the appointed airline on our side, and this means another company may fly the designated routes only under its trademark. These runs also fail to make any profit, and the boss—Aeroflot—looks askance at competitors who use its emblem. The flight complement needs flights to different corners of the world, though, in order to keep in good form, study the routes, and train the pilots. For this purpose, regular flights are performed within the country—to St. Petersburg, Izhevsk, Krasnodar, Sochi, and Omsk.

What brings in profit here, though, are—charter flights. Rossiya makes many passenger runs to regions, beloved by all Russian companies, like Turkey, Greece, the Emirates, and others. Right now, active work is being done to develop the tourist market of Bulgaria and Spain. The freight runs on the An-124, however, are rightfully considered to be the most profitable. Rossiya makes these flights in conjunction with the major world air freight company, Heavy Lift Cargo Airlines from Great Britain, with which the Volga-Dnepr Company has been successfully cooperating for many years. Rossiya provides the airplanes and crews, and the British firm guarantees the marketing, consulting, and know-how. Just one charter run on the Ruslan, with large loads, yields approximately the same revenue as all the runs made according to the centralized schedule.

A commercial administration has been formed in Rossiya. There is already a shortage of resources to satisfy all the commercial orders, and many companies have to be turned down. Of course, if it were fully reoriented toward commercial runs, the results might be completely different. After all, the enterprise has a very high production potential. As before, however, special flights remain in first place, and their number is increasing.

"You know," Igor Meshkov, commercial director of Rossiya, told me with conviction, "if we handled only commercial transport, in the course of six months we would pass all the other Russian air companies with respect to profit, except perhaps for Aeroflot. Last year we got firmly on our feet. In nine months we obtained several billion rubles net profit, and are adding hundreds of millions to our account every month."

Although the 235th Detachment converted to cost-accounting as far back as January 1990, it could not have managed at that time, of course, without state subsidies. Now, however, the economic situation has changed radically, and the Rossiya GTK quite often catches it from its opponents because, in their opinion, the state is overly lavish in allocating it funds for new equipment.

Indeed, it must be acknowledged, the state is still buying airplanes for the company, but after all, there is a fully logical explanation for this. It is no secret that the domestic aviation technology used at Russian enterprises is extremely obsolete and inferior to Western models with respect to noise and engine emissions. World standards are constantly rising, and quite soon they will simply stop letting us in at certain airports. The company is now faced with a dilemma: Either re-outfit the fleet, as quickly as possible, with modern equipment—primarily special-purpose airplanes—or fly only where the norms still permit it. You will agree that, for aviation enterprises which serve the highest leaders in the country, the latter variant is simply unacceptable.

At the same time, the GTK fully realizes how serious the economic situation is in the country right now, and does not at all make use of its privileged position, as we sometimes hear, to snatch funds from the government for any new types of planes. Moreover, the company is striving, through its work, to do away, as soon as possible, with state budget allocations. Its commercial activity is a substantial help in fulfilling this task.

Take just the international flights which the company makes today in accordance with a central schedule. The desire to fly under its own trademark is understandable, however. For this, the former intergovernment agreements should be revised, so that the Rossiya GTK may, in accordance with established procedure, apply to the Department's Commission on Licensing, and become a designated air carrier. Then it will become possible to open its own representative offices abroad, and to create new commercial structures.

It cannot be denied, the new management conditions have considerably transformed the activity of the "presidential detachment." Can you really imagine the "new Russians"—those who for money, not to mention prestige, rent a plane and its crew and promenade around in the air for business or some other purposes—leasing the special airplanes which transport members of the government, the chairman of the Federation Council, or the speaker of the State Duma.

Planes for commercial aviation—the Falcon-900V type—recently augmented the fleet. This plane seats 12-19 passengers, and can fly nonstop across the ocean. The Falcons

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are mainly used by Gazprom, but the company has high hopes for the operation of commercial airplanes.

We have already reported in detail about the ill-starred technical run of a Tu-204 airliner, which occurred on 2 November. Now that emotions have calmed down and have given way to a sober analysis and investigation, however, in our opinion, certain elaborations should be made.

Just the fact that the aircraft, which was being prepared for certification, had the symbol of the Rossiya GTK (they stubbornly continue to regard it as a "government detachment"), caused a squall of the most conflicting responses to this event in the press and on TV. And how! After all, one of the engines had failed during a run with passengers on board. To tell the truth, it was hard to maintain objectivity and not yield to the general mood.

As is usual in our Motherland, the first step was to make an active search for a scapegoat. Of course, no one more suitable could be found for this extremely unenviable role than Aleksandr Larin, the director of the company. Especially since the airplane had a "double-headed eagle," and the president's chief pilot occupied the left-hand seat. This proved to be quite enough for one popular Moscow newspaper, with an extreme penchant for morbid sensationalism, to put a notice in the paper, the essence of which came down to the fact that "Yeltsin's personal pilot had almost wrecked the new airliner." No more, no less. Further, in telegraph style, it recounted a story that made your blood run cold, of how Klimov, the chief designer, after the engine went out of order, allegedly pushed Larin away from the plane's controls and sat the test-copilot down in his seat, and it was he, they said, who got the aircraft to Rostov-on-Don.

I should not like to be called before colleagues with somewhat greater professional knowledge, but the absurdity of the account strikes even someone who is not close to aviation. First of all (and this is the law!), during a run, the plane's captain is the head person on board, and no "chief designer" has the right to be in charge, and especially to push the captain out of his seat at the controls.

Aleksandr Larin flew as captain on this run, and Vladimir Ruchkin, captain of the squadron of Tu-204 airplanes of the Vnukovskiy Airlines, occupied the right-hand seat. Ruchkin and Larin took turns flying the plane from Moscow to Sochi. After the engine emergency occurred on the way home, Larin and Aleksandr Kosyrev, test-pilot of the ANTK imeni A.N. Tupolev, piloted the plane. It was Larin who made the landing at Rostov, which, as we noted in the report, was an excellent one. These are the facts.

We in no way intend either to praise or give a tongue-lashing to the director of the Rossiya GTK, and especially not to take him under our protection—he, it appears, has absolutely no need of this. But we must dot all the "i's," at least in the interests of truth.

Aleksandr Aleksandrovich Larin is really one of the most experienced pilots. Suffice to say that he has permission to pilot all the types of airplanes that are in the company's fleet, including the An-124 and the Falcon. In his day he even piloted the legendary supersonic Tu-144 airliner. Finally, Larin's flying mastery was confirmed during his retraining on the wide-body Boeing-747 at Dalfort-Center (United States), and he was one of the first Russian pilots to obtain a license to fly this airliner. Transoceanic specialists rated his skill at 92 percent out of a possible 100!

The fact that Larin managed to make an excellent job of landing the new Tu-204 aircraft on a single engine, when half of the power failed, can certainly also be entered to his credit as a first-class pilot.

As for Larin's authority as director of the company, one cannot help noting that the collective, as one man, rushed magnificently to his defense. This says a lot.

To consider that the "banking turn" toward commerce occurred when Larin arrived in the detachment at the end of 1992 would also, in our opinion, be an oversimplification. It is in no way the director of the enterprise, but life itself and the new economic conditions, which have forced the company to change its priorities substantially and to seek new directions for work.

I intend to say almost nothing about the flying staff—I think that this subject deserves a separate discussion. I will note only that Russia is probably the only country in the world in which the president and the government are served by civilian pilots.

"The crew works for the real captain," noted Sergey Goryashko, chief of the Department of Flight Operations Organization, in a conversation with me. "The captain is the brain. Modern airplanes place a heavy load on the pilots, and therefore, no provision is made for a copilot, there are two captains, who are equally responsible for the way the flight goes. It is not by chance that the pilots face the same control panels in the Tu-204 and the Il-96 and the Falcon."

A curious report was transmitted on the radio, quoting some secret source, that the Voronezh Aircraft Plant is building a new airplane for the RF president. It is an Il-96-300, but it will differ considerably from the basic model. The presidential liner will be equipped with engines that are domestically produced, but of a higher quality. The airplane may be turned over to the Rossiya GTK at the end of 1995.

Does this not give occasion for visiting the "presidential detachment" again?

State of Gold Mining Industry Detailed

954F1347 Moscow SEGODNYA in Russian 7 Feb 95 p 11

[Article by Anastasiya Naryshkina: "Russian Gold Is the Most Expensive Gold in the World: The Costs for Mining It Have Already Exceeded the London Prices in Several Regions"]

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[FBIS Translated Text] The situation in the gold mining industry was close to a critical one at the end of last year. The Kularzoloto Mining and Processing Enterprise declared bankruptcy and the Tenkinskiy Combine was recognized as being insolvent. Several mining and processing enterprises were forced to halt production and put their workers on unpaid leave. It is possible to think that they have simply ceased to mine gold in Russia, but this is not so. According to the estimate of Vice Premier Aleksandr Zaveryukh, 146.6 tonnes were mined in 1994. Although lower than last year's level, it is somewhat higher than the quota, which was set at 144.057 tonnes.

In Magadan Oblast the mining was less this year, although not so much that it became a reason for the bankruptcy of several enterprises. They did not tell SEGODNYA's correspondent the complete mining figures, but it is known that the oblast had not selected a 1994 quota equal to 32,900 kilograms and reduced the amount mined by approximately one tonne as compared to 1993 when 28,600 kilograms of gold were obtained. This is the lowest result during the last four years.

References which crept into the 23 January INTERFAX agency's report that the miners were living in poverty because of the state's arrears regarding the metal handed over and also because of the delays in advance payments are unfounded. In the words of Aleksandr Menshov, general director of the Severovostokzoloto Association, of which bankrupt enterprises become members, the state paid off all combines without exception by 28 December and they received a 50-percent advance by 15 January for the work during the coming season. Specialists admit that the advance was issued in a timely fashion, i.e., the miners are completely able to prepare for and purchase everything necessary to perform the work. Nevertheless, output is falling and combines are becoming insolvent. In December of last year, as Eduard Losinskiy, first deputy head of administration in Magadan Oblast, has stated, the debt of the gold mining enterprises to the local budget was R141 billion.

Strange as it may seem, this critical situation could have been foretold several years ago. Having reached that which the state had begun to pay for gold at world prices, the miners cut off the limb on which they were sitting. Sooner or later, production costs had to exceed the London quotation—and this happened. Aleksandr Menshov says: "Gold mining enterprises are unprofitable." In the words of Vladimir Banin, deputy chief of the Magadan Oblast administration, the cost for mining one gram is $13 when the average state price for gold is $12. Fuel, electrical energy, and transport on Kolyma are going up much more quickly than gold in far-off London (a tonne of diesel fuel in Magadan now costs R1.3 million; however, this is not the limit: It costs about R2 million on Chukotka). High transport costs are reflected in the production costs of the mined metal—in the words of one expert: "Every plank and every potato must be delivered." Moreover, the enormous social infrastructure, which the state previously financed, is now being maintained at the expense of enterprises and all expenditures are included in the costs.

During socialist times, the state did not pay the miners one and the same price, as is happening now, but differently—considering the specific nature of the locality. Gold from Kolyma was more expensive than from the Urals. Specialists think that Magadan is now in a very unfavorable position. It is a corner of the land where costs are among the highest in Russia. The obvious unprofitableness of mining puts its continuation in question.

However, as we have already pointed out, Magadan Oblast supplies more than a fourth of Russia's gold. The halting of mining on Kolyma would have an extremely painful effect on the treasury's currency receipts. Nevertheless, specialists think that there is a way out.

Kolyma's placer deposits have been exploited since the thirties, i.e., for more than 60 years. In the words of one expert, "They are washing for a third time that which has already been previously washed" there. The gold content of the placers is gradually falling and is now 700 milligrams per cubic meter (the so-called operating content) on average. Specialists think that this is the minimum, below which the mining of gold in Magadan Oblast becomes unprofitable if, of course, one conducts it as it has been conducted up until now.

In the Ural deposits, the gold content is 150 milligrams per cubic meter; however, its mining is profitable since the costs are lower than Magadan Oblast. It is still very early to talk about Kolyma's placers being worked out—one must reduce costs. However, the opinions of specialists differ about what measures are desirable. Thus, Mr. Banin thinks that it is time to move on to ore deposits or to placers richer in content. Experts in the Union of Gold Prospectors found that everything lay in more intensive work methods which assume a reduction in costs.

The lowering of costs could be achieved by introducing the watch method practiced by gold prospector artels. Experience shows that the artel form proves more stable. In any case, its percentage in the volume of gold mining is constantly increasing (it reached 60 percent last year) and labor productivity is higher in them than in state enterprises. Thus, whereas they mined approximately 0.8 kilograms per individual a year in the latter, it was approximately 2.5 kilograms in artels.

Several experts think that Magadan Oblast requires preferential taxation. At present, taxes here—just as for all Russia's gold mining enterprises—represent up to 75 percent of the cost of the precious metal. In other words, the concept of a world price is leveling all producers at a time when the objective situation—natural conditions and the remoteness of the region—is putting the Magadan people in a deliberately losing position. The experience of some countries shows that permission to use part of the profit to develop the branch can be a way out in these cases. For example, gold mining companies in Australia were freed from paying corporation taxes on part of their profits prior to 1991. This was directed back to the branch. In the opinion of specialists, this was the reason that the mining of gold grew from 17 to 243 tonnes in Australia between 1980 and 1990.

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It is necessary to mention that reserves for raising labor productivity in Russia are more than sufficient. This can be achieved by introducing new technologies. One of them is closely grouped leaching used when processing the ore. Ninety percent of the American mining industry uses this method: It is inexpensive and sharply increases productivity while reducing the number of workers. It has still not found broad application in Russia. As far as SEGODNYA's correspondent knows, the only organization using it is the Sayany Gold Prospectors Artel in Khakassia.

The attraction of foreign investors is probably the only path which it is possible to travel when developing new deposits since this activity requires tremendous investments. The directors of many enterprises already understand this. For example, the Nizhneamurzoloto Joint-Stock Company and the French Schroeder Finance Holding Company won the contest to develop the Khakandzhinskiy and Yuryevskiy deposits in Khabarovsk Kray. The French intend to spend $100 million to build enterprises on the Okhotsk shore. The Yuzhuralzoloto Joint-Stock Company in Chelyabinsk Oblast has established a joint venture enterprise with the English RTZ company which is financing part of the costs to develop the Svetlinskiy deposit (the total amount of expenditures is estimated at $150 million).

In the opinion of experts in the Union of Gold Prospectors, there is also a problem in the fact that the system of geological prospecting work has been practically destroyed. In 1993, the increase in known reserves exceeded the mining of gold by only 60 percent; in 1994—40-50 percent. Geological prospecting work has been halted in 80 percent of the deposits in the Western Siberian region because of the lack of financing.

If matters progress this year as they have previously, then—according to the forecasts of experts—the mining of gold will fall by 30-40 percent this year.

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National Affairs

Supreme Council Deputy Chairman on Issues of Parliamentary Debate

954F1368A Simferopol KRYMSKIYE IZVESTIYA in Russian 15 Feb 95 p 1

[Interview with Aleksey Melnikov, deputy chairman of the Supreme Council of Crimea, by L. Nikolayeva; place and date not given: "Powers Like the Bone...of Contention?"]

[FBIS Translated Text] *Some of the events last week in the course of the plenary meetings were predictable but ambiguous. Some individual questions were not finished and were postponed to subsequent days of the session. We asked Aleksey Melnikov, deputy chairman of the Supreme Council of Crimea, to talk about this and sum up the events.*

[Melnikov] The parliamentary week proceeded in accordance with our work schedule. There were parliamentary meetings and on Tuesday there were parliamentary hearings of the government on the privatization program. Two groups of parliamentarians worked in Kiev. One of them resolved questions with the Government of Crimea and the Government of Ukraine on the division of property in the territory of the Republic of Crimea. For three years, for some reason neither the leadership of Ukraine nor that of Crimea dealt with this problem, but after the well-known decree of 12 January, in which the Supreme Council declared that property in the peninsular territory subject to privatization is the property of the Republic of Crimea, the Ukrainian side began to move in this area. At the meeting of the commission on the division of the property, the Crimean side presented a list of property items that are not subject to privatization and that will be included in national property and a list of facilities subject to privatization that will be at the disposal of Crimea. Differences of opinion arose about the second list. Unfortunately, the Property Fund of Ukraine is trying to separate some facilities and to privatize them through its own fund. I was present in the commission and opposed this decision, but so far we have not met with any understanding. I opposed it because under a treaty the budget of Ukraine and our budget are separate, and if it carries out privatization on the peninsula of Ukraine, the funds obtained from privatization will go to the budget of Ukraine. It will be very difficult to get them back. And although in Kiev they promised that they will work out a mechanism for their return, there is no sense in this, for we have our own Property Fund. But the negotiation process has begun and I think that we will take a normal course, we will continue the negotiations, and we will resolve the question of the division of property by the end of February.

The second group of deputies worked in the Supreme Council in Kiev: Kirippov, Kolodkin, and Rudakov negotiated with the commissars and with the caucuses of deputies of the Supreme Council of Ukraine. They tried to find mutual understanding on unsettled questions between the parliaments. I know that some deputies of Ukraine understand that it is necessary to introduce a law on the delimitation of powers between Ukraine and Crimea and thereafter to conclude a broad treaty on all questions.

A group of deputies also worked last week on the inspection of several sanatoriums. Information was received on their unfortunate financial state. Funds from the sale of passes to sanatoriums beyond the boundaries of Crimea did not reach our budget and remained in unknown accounts in Russia, Kazakhstan, and some other republics.

The work of the Supreme Council in the plenary meetings continues to be disorderly on account of the group of deputies that for three months has been demanding the resignation of the Presidium of the Supreme Council and has not allowed any decisions to be made on the many questions that have arisen. Many laws have also piled up that need to be passed, and there are a number of current matters that must be resolved. It is not so much the Supreme Council that is suffering as the Republic of Crimea, for some questions have been pending for two or three months. I am amazed by the speeches of those deputies who practically do not work in the Supreme Council, are not present in the meetings, and, as they say, are not on a professional basis, although there are some who are on a professional basis. They accused the Presidium of ineptitude and incompetence, but they themselves are not making any constructive proposals. Clearly there are some forces who have no use for the fruitful work of the Supreme Council. There has been a regrouping within such deputies: Some initially opposed the resignation of the parliamentary leadership but are now in favor of this. The question of ownership is probably what is really behind all this. I think that there are forces interested in making parliament inoperative and transferring some of its powers, including legislative functions, to the government. If the Supreme Council does not pass laws, someone must pass them. And if the Supreme Council remains in such a state, then the powers will have to be given to someone: either to the government or to the president, so that edicts and decrees are passed and so that life in the republic does not stop.

But a group of deputies is continually disrupting the planning work of the Supreme Council. Last Wednesday, for example, it was necessary to pass some resolutions. but they dedicated the day to an internal dispute about who is right and who is wrong, how to bring about the removal of the Presidium, and how to appoint the next Presidium. Some think that the replacement of the chairman or other people in the leadership of the Supreme Council will improve something. But is it not possible that the replacements will work even worse? After all, there was a proposal on rotation from the Presidium itself. But for some reason after the proposal the deputies who prior to this were in favor of rotation opposed it, although it is necessary, of course, to rotate 12 (or even 14) members of the Presidium who are chairmen of commissions to ensure an effective leadership. It is possible every week to raise the question of the suitability of one member of the Presidium for his function. This is normal and can be done painlessly. But they wasted the day, whereby I think that Sergey Pavlovich

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made some concessions to certain persons who are demanding that 98 people take part in the voting. We postponed the second round of voting until this Wednesday. We will look for those 20 people who were absent: We will go to their apartments or to hospitals and we will persuade and invite them to vote. I do not understand the chairman of the Supreme Council, who made this concession, or those deputies who insisted on such a vote. There is a duty to the entire body of deputies and to the voters to be present in the meetings but some of our deputies are in the hall only until lunch or are absent altogether. Before accusing someone else, it is necessary to take a look at one's own effectiveness in the Supreme Council.

Still, a number of decisions were made last week: decisions on the assignment of lands and the establishment of a commission, the monitoring of the course of privatization, and other positions. We think that next week we will return to the privatization program and I hope that we will pass it. I say I hope, because there are forces in the body of deputies who are not interested in this, some because they do not fully understand what privatization is and the others are people who now hold state property and exploit it unmercilessly and want to continue this situation. The income that they have right now is significantly greater than it would be if they acquired this property for their own ownership, if they bought it in the course of privatization. Of course, they will vote against privatization and try to put off the decision for an undetermined time.

[Nikolayeva] Aleksey Alekseyevich, returning to the beginning of the conversation, I want to ask you: What facilities or groups of facilities does Ukraine claim as its own property?

[Melnikov] This group of facilities includes sanatoriums and the wine industry. We have not yet come to an agreement on these two areas. They must be worked out in the ministries and brought to a commission. As for the resorts, we proposed waiting for the signing of a treaty between Russia and Ukraine that must also reflect the question of the property of Russian in the territory of Ukraine, including sanatoriums and resorts.

[Nikolayeva] And what is being decided with respect to transportation and printing houses?

[Melnikov] Transport enterprises, besides Aeroflot, and printers are in the category of national property.

[Nikolayeva] One last question: If the deputies vote against the removal of the Presidium, is it probable, as proposed, that there will be a moratorium placed on rotation until the end of the end?

[Melnikov] No. The Presidium itself will come out in favor of the partial rotation of this body. Some persons have declared that they cannot work in the leadership. And for the Presidium to be effective, it is necessary to remove them from the leadership and to bring in those who can work fruitfully.

Crimea Republican Party Membership Down

954F1368B Simperopol KRYMSKIYE IZVESTIYA in Russian 14 Feb 95 p 1

[Unattributed article under "In the Parties and Public Organizations" rubric: "Nevertheless, It Is 'Turning'"]

[FBIS Translated Text] **The Republican Party of Crimea has thinned out noticeably. Only 60 supporters instead of 200 showed up at the meeting of the Simferopol organization on 11 February.**

As it turned out, many decided to leave the party, because they support the position of the Supreme Council of Crimea. The rest decided to dedicate themselves to their home concerns. In addition, the actions of the party have turned out to be too troublesome and wearisome for many Republicans, since most of them are over 60 years of age.

The meeting, the structure of which was reminiscent of a women's council, did nevertheless take place. One of the questions on the agenda was dedicated to the preparation for the elections of local authorities. They put forward candidates for deputies to the city council, including Valeriy Kostyuk, assistant to the president of Crimea.

It was also planned to appeal to the president of Ukraine with respect to the decline in the standard of living of the people of Crimea and the activities of the state television and radio company Krym.

Economic Issues

Decree on Improving Energy Supply to Agriculture

954F1350A Simferopol KRYMSKYE IZVESTIYA in Russian 11 Feb 95 p 1

["Decree of the Supreme Council of Crimea: On Measures To Improve the Power Supply at Agricultural Facilities of the Republic of Crimea"]

[FBIS Translated Text] In connection with the critical situation that has formed in the energy supply system of the agro-industrial complex, the Supreme Council of Crimea decrees the following:

1. Adopt the decisions of the Government Commission on Power Engineering and Questions Concerning Improvement in the Supply of Energy for Agricultural Consumers.

2. Eliminate licensing for the export from Crimea of available products of kolkhozes, sovkhozes, and other agricultural enterprises of the Republic of Crimea to Ukraine.

3. Submit a request to the Cabinet of Ministers of Ukraine to eliminate licensing for the export of agricultural products made in the Republic of Crimea outside the borders of Ukraine.

4. Request the Ministry of Finance and the Ministry of Economy of the Republic of Crimea to resolve the question concerning payment of reimbursements to the population for liquefied gas, liquid fuel, and coal for the purpose of lowering consumption of electricity.

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5. Direct the Krymtopolivo and Krumgas associations to ensure delivery of liquefied gas and coal for the population.

6. Direct the Ministry of Agriculture and Food of the Republic of Crimea to initiate measures ensuring repayment of the debts of enterprises and farms of the branch for energy sources.

7. Direct the PEO [electric power distribution enterprise] Krymenergo and the Ministry of Agriculture and Food of the Republic of Crimea to analyze schemes and regimes of electric power consumption by responsible consumers prior to 10 February 1995, primarily by poultry farms, hatcheries, and hothouse combines. Initiate additional measures to raise the reliability of the power supply.

8. Propose that the PEO Krymenergo, Krumnefteprodukt, the Ministry of Agriculture and Food, and the Ministry of Finance of the Republic of Crimea study the possibility of placing into operation the gas turbine installation of the Simferopol TETs [heat and power plant] daily during the evening peak period for two hours when the temperature falls below zero in order to improve electric power supply for agricultural consumers.

9. Direct the Ministry of Agriculture and Food of the Republic of Crimea to prepare diesel and electric power stations prior to 10 February 1995, supplying them with fuel and batteries. Place diesel electric power stations into operation during periods of restricted supply by rayon electric power grids (RES).

10. Direct the Ministry of Agriculture and Food of the Republic of Crimea and the PEO Krymenergo to work out measures prior to 1 April 1995 for sharing the accounts of agricultural consumers with the acceptance of household consumers by the latter.

11. Direct the Agrotekhservis concern and the Krymnefteprodukt administration to satisfy the requirements of agricultural enterprises for motor vehicle fuel, diesel fuel, diesel and motor vehicle oil, and other petroleum products after receiving advance payments from them as commercial resources being purchased (Basis: letter of the Ministry of Economy of Ukraine of 30 August 94, No. 43-45/51).

12. Direct the State Committee for Material Resources of the Republic of Crimea to deliver 10,000 tonnes of motor vehicle gasoline and 40,000 tonnes of diesel fuel to the Ministry of Agriculture and Food of the Republic of Crimea through the Roskontrakt federative contract corporation as mutually related deliveries on an equivalency basis for the purpose of supplementing the budget of the republic aimed at the resolution of the fuel and energy problems (basis: protocol of the working meeting between the deputy chairman of the Government of the Russian Federation and the prime minister of the Government of Crimea of 7 December 1994 in Moscow).

13. Direct a proposal to the Cabinet of Ministers and the Government of the Russian Federation for the settlement of mutual accounts to repay debts.

14. Propose that prior to 15 February 1995 the city and rayon councils:

Delegate management of leaks of electric power to the RES;

Activate the operation of extraordinary commissions:

Report to the government of Crimea on fulfillment of budget and nonbudget account estimates.

15. The Government of Crimea is to hear the reports of city district executive committees on measures taken for rational utilization of electric power.

16. Direct the PEO Krymenergo to review existing distribution limits on electric energy to eliminate disproportions between rural and urban areas.

[Signed] S. Tsenov, chairman of Supreme Council of Crimea
Simferopol
1 February 1995
No. 326-1

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Armenia

Premier Reviews 1994 Economic Achievements

954F1417A Yerevan RESPUBLIKA ARMENIYA in Russian 15 Feb 95 p 1

[Ashot Aramyan report on press conference given by Premier H. Bagratyan; place and date not given: "Saying Goodbye to the Former Mentality... Premier H. Bagratyan on How We Have Lived and How We Are Going To Live"]

[FBIS Translated Text] At yesterday's press conference Premier Hrant Bagratyan summarized the past year and described the challenges that face the government in 1995. H. Bagratyan noted that the republic is in the vanguard of the CIS with respect to realization of market-oriented reforms. Compared with the preceding year the rate of national income produced (net material result) was 104.3 percent and the index of the physical volume of industrial production was 106.9 percent. Thus, last year was the first year of economic growth after a protracted interruption.

The premier noted that in 1994 two large foreign credits began "working" in the republic—for construction of the fifth unit at the Razdan GRES [Regional Power Plant] and for the earthquake zone. This year an additional four more large credits will "start up." In all, talks are now underway about granting the republic eight credits.

Among the positive results of the past year the head of government noted the significant bolstering of the republic's defense capability. According to his words, the Armenian Army in 1993 was just one-third the size of the army at the end of 1994. The numerical strength of the armed forces was raised to the planned level and will not grow further. And the Republic of Armenia's military-industrial complex has many large orders from abroad today. H. Bagratyan did not conceal that five new plants, three of them military, will go on line in the republic this year.

The premier stressed that the republic's need for infusions of foreign financial aid will continue in the near future. Whereas the 1993 State Budget of the Republic of Armenia was $100 million, and in 1994 it was 276 million, this year, thanks to [word(s) illegible] credits it rose to 600 million. For normal development, in the next five to six years the country will need to increase the budget steadily, to a level of $1 billion. This, H. Bagratyan said, is impossible without the assistance of international financial donors. At the upcoming negotiations with international financial institutions in Brussels in March, the Armenian side will insist on the need for comprehensive long-term programs, not fragmentary credits.

Overall the year 1995, in the words of the premier, will be the concluding segment in economic decentralization and will create a strong, stable foundation for democracy and development. "We are hoping that the people will take a positive attitude toward the government's economic policy and that market reforms in the republic will not be discredited. We will only live better if we ourselves create something; if not, no one is just going to give us anything," H. Bagratyan said.

From the last year's results the premier also noted the significant increase in growth in wages over growth in the level of prices (in the state sector, for example, the increase in wages exceeded the growth of the price index by 68 times). Another result of 1994 was that financial processes became controllable. Curbing of inflation, rigid credit-monetary policy, and a 23 percent increase in exports—these are the three components that have been supporting a stable exchange rate of the dram for a long time now.

In February 90 percent of the production in the republic will be in the nonstate sector. This is a result of the enormous work begun last year. But reforms involve not just privatization, but also formulating a customs system and a foreign trade system. In the words of the premier, before the end of this year we will have a market-type tax system in which it will be practically impossible to hide taxes.

In 1994, with a 40 percent decline in production of electricity, the republic produced roughly as much output as in 1993. The premier names as one of the government's accomplishments last year the increase in the level of realization of output produced, from 58 percent in 1993 to more than 90 percent in 1994. "This year we intend to keep this indicator at a level no lower than 70 percent," Mr. Bagratyan said.

In 1995 the government faces serious challenges in the area of reforming the public health and educational systems. In the process of turning former "all-people's" property into joint-stock holdings, it will be necessary to show the people who have become stockholders of enterprises that from here on everything depends on them alone. The stockholders must demand that enterprise management have development programs and report on all actions that affect the production site. We must move quickly away from and get rid of the former mentality, the former way of acting, those cases where a state enterprise can sell nonferrous metals to a cooperative for $4 and the latter sells it abroad for $80. The whole meaning of privatization is [word(s) illegible] this irresponsible attitude toward property, to see that where members of the collective, having become co-owners of the enterprise and the persons with the greatest interest, will prevent such things, which would hit them directly in the pocketbook.

In comparison with 1994 this year will be better in the social aspect because the foreign credits will create new jobs. On the other hand, an increase of 20,000-25,000 in the number of unemployed is possible this year because uncompetitive enterprises will be shut down. Incidentally, 1994 was notable in one more respect: It was the first year when there was no rise in unemployment. The premier noted that in a few months people will feel improvements in their life, although, of course, they will be inadequate.

Next H. Bagratyan touched on the number one problem in the republic, the problem of nonpayments. Nonpayment

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today stands at the gigantic figure of 40 billion drams, 9 billion of them from the state budget. Before 1 March the government must ensure repayment by processing enterprises of their debts to rural producers (5 billion drams). In general, the government will take a very tough approach to the nonpayments problem. Among other things, H. Bagratyan stressed the need for repayment of debts to the republic's energy complex. At present it is owed 9 billion drams, which is twice as much as all credits issued by republic banks taken together. It is true, he noted, that the compensation payments that have been issued to people since December are also contemplated as payment for electricity consumed.

The drawing of water from Lake Sevan for energy purposes has been practically stopped today because the lake is now 18 centimeters lower than the lowest point in its entire previous history. The premier said that nonetheless, the energy situation in the republic will improve significantly in May-June of this year because "the nuclear power plant will go back on line soon." This summer, according to H. Bagratyan, people will receive 10-14 hours of light a day during the irrigation season, then with the end of the use of meltwaters for electricity production the delivery schedule for light will decrease to six to seven hours. But for next winter the premier guaranteed eight-10 hours of light.

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Estonia

Prime Minister Tarand on Ties to Russia

954K0470A Helsinki KAUPPALEHTI (OPTIO MAGAZINE SUPPLEMENT) in Finnish 26 Jan 95 pp 13-16

[Interview with Estonian Prime Minister Andres Tarand by Tapani Makinen; place and date not given—first paragraph is KAUPPALEHTI introduction]

[FBIS Translated Text] In Estonian Prime Minister Andres Tarand's opinion, the negotiations between Russia and Estonia should be initiated on a new basis. In warming up relations with Russia, he expresses an approach that is different from that of the majority of Estonian politicians. Tarand is also outspoken and practical as concerns domestic policy issues. This is why confidence in him has grown and why people hope that he will build a consensus.

Andres Tarand, 55, became a politician in the late 1980's when he proposed that Estonia be removed from the same time zone Moscow is in. The proposal was approved during the last years of the Soviet Union and people began to refer to the new time as Tarand's time.

The former botanical gardens director managed to serve as an independent member of Parliament and as environment minister before he was appointed prime minister of Estonia last fall.

Tarand is politically independent. He was elected to Parliament by an election coalition that goes by the name of the Moderates. In Estonia many election coalitions still run independent candidates on their tickets. Moderate representatives in Parliament are mainly right-wing Social Democrats.

According to one shaper of public opinion, Tarand is smart and civilized, which is why he is a political oddity. The fact that he talks straight, without beating about the bush, makes him a distinctive politician.

His reputation was not blemished during the Soviet era either, because he tried to limit contacts with those in power at the time.

As environment minister, Tarand retained the trust of both conservationists and industry with his practical policy.

Now Tarand is expected to build a consensus among Estonians because he has enough support in all the most important political circles. Tarand's term in office may once again mark a new era in Estonia.

* * *

[KAUPPALEHTI] What effect will Finland and Sweden's membership in the EU [European Union] have on relations between Finland and Estonia?

[Tarand] Politically speaking, the news was received with joy. It was important to us because attitudes toward security policy are of primary importance to us. Economic viewpoints come second.

Finland and Sweden are close to us and relations with both of them have been going smoothly. We believe that our way to Europe is being made easier through them as well.

Estonia is, of course, not yet at a level at which the details of that way are clear. We are organizing cooperation between the government and other institutions so that we can get a sharp enough picture of it within five years.

[KAUPPALEHTI] During the entire period of its independence, Estonia has very actively been seeking its way to the West. Do you intend to build a wall on the Russian border?

[Tarand] It was never our intention to build a wall. The Baltic is one of the most important regions in Europe. A good Europe will never be a uniform Europe; rather, different regions will remain. Europe will have a future if it is built on a foundation of regional diversity. The idea of different regions means openness, and borders must not become walls.

The Baltic region also includes the city of St. Petersburg, which is as big as Finland in terms of number of inhabitants and bigger than Estonia.

It is one partner, and through it we gain access to Russia if Russia is a reputable, peaceful nation that evolves in a democratic way. We are not quite sure, on the basis of our experiences, that this is what will happen. We don't fear an outright attack by the Russian Army, which from our point of view would lead to an impossible situation. We will never be able to wage war with Russia. But if the structure of the Russian Government continues to disintegrate for too long a time, all sorts of movements and army units may arise. This is another matter and it may cause immigration problems. These are more real dangers.

Instead of building a wall, we believe that Russia will join Europe in part in the same way as we, Finland, and Sweden will. Because of its background, it cannot join in quite the same way since Europe does not extend to the Pacific Ocean.

Russia can be in partnership with Europe even though it remains apart from Europe's structures.

[KAUPPALEHTI] When you raised the issue of the Estonian-Russian border during your visit to Finland, as I see it, it was received with conflicting views in Estonia. How long will it take for the people of Estonia to find a common way of viewing Russia?

[Tarand] There will never be a completely common way. That would be impossible because people are different. The border issue was dominated by powerful propagandist thinking for four or five years. The way the people of Estonia view it has quietly and constantly been changing. As recently as in an opinion poll last fall, over 50 percent

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of them were of the same opinion I expressed in Finland. Thirty percent of them took a more radical view of it.

I think that these percentages have further changed with respect to one another since then. Politicians have been afraid to raise the issue in Estonia. Most of them feel that now is not the right moment to come out publicly with this position, but the reaction has actually been more subdued than I thought it would be.

Relations With the East on a New Basis

[KAUPPALEHTI] Do resolving the border issues and repairing other political relations also constitute a prerequisite for continuing economic growth in Estonia?

[Tarand] They will in general be subordinated to all issues. I don't know whether time will inevitably work in favor of Russia, but it certainly won't work in favor of Estonia, perhaps just the opposite. The negotiations may take time. This will depend a little on the domestic policy situation in Russia, but they must be initiated on a new basis.

[KAUPPALEHTI] Do you think that new horizons also have to be found to develop economic relations between Estonia and Russia?

[Tarand] Certainly. Trade has actually been increasing even now. In particular agricultural product exports increased at the end of last year despite the fact that we in Estonia are very worried about the agricultural production situation. We have, however, found a way of getting into even high tariff markets.

Fear of the mafia on Russia's roads is quite another matter. There are difficulties, but somehow trade just goes on. People are resourceful. They apparently operate along our entire eastern border, all the way to southern Estonia.

Without tariffs or with normal tariffs, our trade with Russia would increase from what it is today. Right now, when changes are in progress, this trade is helping the farm sector and the rural population.

There is also a negative side to this trade because Russian buyers do not, for example, demand high-quality packaging, which we have learned to produce in Estonia while trying to get into Western markets.

[KAUPPALEHTI] In terms of the way it is structured, foreign trade with Russia has been profitable for Estonia because you have been able to trade finished products for Russian raw materials, hasn't it?

[Tarand] At the outset it may have been a kind of semilegal trading in metals, which has now ceased, not entirely, but the peak period is now over. Now we trade for oil and certain other products. The Dutch at least are optimistic that Russian oil exports will continue via Estonia.

[KAUPPALEHTI] But you do get oil from Russia at very favorable prices, don't you?

[Tarand] We haven't gotten any since December. There may still be ways of getting oil at favorable prices but, generally speaking, prices in Russia have risen and the volume of oil exports has been restricted. We may have to buy oil again elsewhere, and that will certainly be more expensive.

This, however, no longer means anywhere near a danger like the one there was two years ago, when we didn't know at all whether we would get our homes heated.

Narva Will Serve Trade With St. Petersburg

[KAUPPALEHTI] Do you suppose that the way trade with Russia is structured will be diversified otherwise than for agricultural products?

[Tarand] Agriculture is the first quite clearly new sector. The area surrounding St. Petersburg is not very well off in terms of its food economy, and the big city has great needs.

There are other possibilities too and we hope that Narva will in fact become a city that attracts foreigners, investments aimed at the Russian markets. The uncertainty of the present situation has slowed down the development of Narva.

[KAUPPALEHTI] Nationalism is raising its head in Russia. What kinds of repercussions is this having on Estonia?

[Tarand] The rise of nationalism is a common ailment in those countries in which opinions of only one kind are openly found. Russia is, of course, big, and it will be more dangerous if nationalism acquires too much influence there. The danger obviously exists, but I don't think that Vladimir Zhirinovskiy, for example, will succeed.

Attitudes among the military toward bigotry may also be dividing the Russian Army. And there are signs of this. It is difficult to estimate to what extent this is just a power struggle, but I think the roots of the controversies are deeper than that. It's hard to predict the final outcome. If Russia, led by Boris Yeltsin, in general preserves the framework of democratic evolution, we can be optimistic.

[KAUPPALEHTI] And what about Estonia's Russian population? Is the consensus on it here growing?

[Tarand] A year and a half ago we broke the grip of the bolsheviks on the people of Narva. There are, of course, various small groups that hope for a return of the Soviet Union or the like, but the general view among the Russians is that they will either go to the West or remain in Estonia. They don't want the conditions prevailing in Russia to be brought here either.

But there is still a long way to go for us to get social conditions, among other things, into shape in our country. Most of the workers in the big factories have been Russians and their privatization is just beginning. This means that jobs will be lost.

[KAUPPALEHTI] The Estonian farm sector has been particularly open. Do you intend to continue this policy that favors openness?

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[Tarand] My remaining two or three months as prime minister will not be a time of major economic reforms. The reforms must be speeded up, but we won't be making any radical changes in any area.

The farm sector has been in trouble. A proper adviser network should have been developed for the farm sector two years ago.

Farmers are not, after all, getting as much information as city dwellers. This sort of psychological situation in which people don't fully understand what is going on demands a greater effort.

Good advice would also have been needed on what is in progress in Europe and on what can be achieved on one's own piece of land. The situation has now improved, as has our whole regional policy, but we have lost time .

Land reform came to a halt for six months last year because of the government's internal squabbles. We might now say that orthodoxy and practicality were at odds with one another.

For the present practicality has won out but, since time was lost, we will perhaps hit the trough of the wave in 1995, after which the situation will improve.

On the other hand, since agricultural product exports to countries other than Russia have noticeably increased, complaints have indeed been dampened or magnified for political reasons.

Foreigners Are Still Welcome Company Buyers

[KAUPPALEHTI] The flow of foreign capital into Estonia has given rise to discussion in connection with, among other things, the sale of the Viru Hotel and Estonia's biggest dressmaking shop, bought by Swedes. The Privatization Office has been accused of selling property too cheaply, hasn't it?

[Tarand] The Viru Hotel case was perhaps a little different. There may have been some truth in the accusation in this case, but the state generally profits when a piece of property acquires an owner. It is only that this gain isn't always immediately noticed.

I cannot say that everything has gone off perfectly well. There has been corruption and all those shortcomings that mankind is conversant with.

The Swedes borrowed money when they bought Kreenholm. We paid these debts at the expense the taxpayers for political reasons. However, we want an economic enterprise that produces a return.

[KAUPPALEHTI] Do you think that it is a good thing that foreign firms are still buying enterprises that are to be privatized in Estonia?

[Tarand] That, of course, depends on the firm. The general rule is that it does not matter which country the capital is coming from.

There has been fighting over some smaller farm sector enterprises, such as dairies. We want these to remain in the hands of our own citizens. However, they cannot buy them yet.

Cooperative activity has been at a fairly high level in Estonia, but in accordance with the collective farm tradition. It has to be redeveloped on an entirely new, voluntary basis. The heart of the dispute lies in the weakness of this development.

The same holds true for the labor unions as for the cooperatives. Organizations cannot be built up from above by force.

[KAUPPALEHTI] But you are not in principle advocating a policy that would restrict foreign ownership, are you?

[Tarand] There can be only one restriction. A government permit is required for the purchase of land; it is not otherwise allowed. Companies are, of course, interested in buying the land on which they will build their factories.

We have granted permits in some cases, but I do not know how people would feel about our selling, for example, hundreds of hectares of forest land to a foreign buyer. I fear that they would not stand for that. Foreign buyers are probably treated differently from Estonian buyers in this sector.

[KAUPPALEHTI] Some Estonian forest industry operators have also criticized foreigners' participation in lumber sales, haven't they?

[Tarand] Yes, they do question this. Our forests have always been viewed as government property and now there are a lot of people who regard them as their own. The disputes stem from this.

Of course, the cellulose industry went bankrupt. Now Finland and alongside us Sweden are in the EU, and we can't actually figure out whether reforming the cellulose industry makes sense. It is an open question.

[KAUPPALEHTI] Your forest reserves have become a matrix plan, haven't they?

[Tarand] Our small and medium-sized sawmills were improved last year and their production was in demand in Europe. Their capacity is not enormous, but it is a new area that makes use of our forest reserves.

We are no longer sure that this timber will be enough to meet the needs of our cellulose mills. We will never be able to develop into a competitor of Finland and Sweden.

Baltic Countries' Economies Compete With One Another

[KAUPPALEHTI] There has been a lot of talk of a joint Latvian-Estonian cellulose mill, hasn't there?

[Tarand] It is perhaps in theory a very good idea, but in practice difficult because both nations are in a developing

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stage and everything is changing too rapidly. For their capital needs both countries are looking abroad rather than for cooperation.

Cooperation is political. It is obviously still difficult to develop economic projects.

[KAUPPALEHTI] Have the Baltic countries finally and permanently lost their chances of entering into more far-reaching cooperation with one another? After all, these opportunities were still dawning during the independence phase, were they not?

[Tarand] Obviously, we were united by a common enemy. Now that the enemy is gone, differences of opinion between us have increased.

Abroad people feel that we are in such close political cooperation that they view the Baltic countries as a single region. Nevertheless, we are evolving so rapidly that we are not establishing very firm cooperation in the economic sector.

We are in the same boat as concerns our economies, but now there is competition and once again fear between us. The situation may remain as it is, but politically I nevertheless believe that we will be able to agree on common political goals at meetings of the Council of Baltic Parliaments and the prime ministers.

[KAUPPALEHTI] But you don't see any chance of closer cooperation in the near future, do you?

[Tarand] It is a long-term effort that is succeeding step by step. However, I think that cooperation throughout the entire Baltic area would be best, in which case no special unit composed of the Baltic countries would come into being.

The history, economic affairs, and other circumstances of the past century made a unit of them. We must look on them as a part of a larger whole.

[KAUPPALEHTI] What kind of role do international financial institutions like the European Reconstruction and Development Bank and the World Bank play in the development of Estonia?

[Tarand] It has been a notable one. Calculated on a per capita basis, Estonia has in general been very successful with investments and loans, doing best in the former Soviet area.

Three years ago we were like schoolboys listening to their advice and we couldn't do anything ourselves, but now we have learned how.

They have good experts and we have gotten advice we need from them, especially from the World Bank. This has been progressing fairly well.

We have to make a greater effort on behalf of certain aid programs, such as PHARE [Economic Aid for Reconstruction of Poland and Hungary], and make clear our own wishes. The bureaucracy's transition stage with regard to them is dangerous and it primarily wants good posts for its own people in them.

But foreign aid and loans have on the whole been important and they have been playing a notable role in our development.

[KAUPPALEHTI] Will Finland and Sweden's membership in the EU make the PHARE programs' operability more effective? Will familiarity with Estonia's problems increase?

[Tarand] Obviously, Finnish and Swedish officials are more expert on the conditions prevailing here. This, of course, helps, but we have to present our own demands. While the situation has improved, we still have a lot to learn.

Estonian Democracy Has Not Fully Matured Yet

[KAUPPALEHTI] The president of the Estonian Central Bank will be entering the parliamentary elections as a party leader. How do you feel about this? Will the coming elections otherwise differ from those that preceded them? Will we be able to perceive in them a maturation of the democratic process?

[Tarand] The case of Siim Kallas is a very difficult one. I think that the functions of a party leader and the president of the bank are incompatible with one another. We've talked it over with him and he admits that it is a difficult problem.

Democracy has not yet matured, although we have made progress. Hopefully, the number of parties will drop. Economic reforms are still incomplete. Many groups of people have no idea of their future situation. It is not very easy for the parties to speak for anyone. Their structure is unclear.

There are signs of a rise in nationalism. In connection with this, elections constitute a danger zone and populism may emerge in them.

[KAUPPALEHTI] What, in your opinion, is the next parliament's most important task as concerns the economy?

[Tarand] Privatization of the big factories and the advancement of land reform so that land can be used as security for bank loans. In this way credit for farmers would become possible. These are its two most important tasks. I think the rest will move forward under its own momentum.

The problem of finding housing for people will be at its most critical point this year. The situation is confused since the laws governing housing were drafted in many different places and these laws are constantly being amended. People don't always know what their situation is and they are not to blame. They end up fearing that a new owner will buy out their homes. This uncertainty adds to disputes.

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[KAUPPALEHTI] You have been most closely involved in environmental issues.

[Tarand] Well, we have accomplished something, but the debts of the past are large. We obviously still need foreign aid for this.

We are not, for example, able to pump petroleum out of our ground water by ourselves. We are trying to solve the problem at the same time as we are privatizing major industries. In connection with privatization, we are in the process of determining how much of the capital we need we will be getting from the private sector. We cannot cover all the damage with the money we get from taxpayers.

Intelligentsia Makes Policy

Independence has attracted the educated elite to the political leadership in Estonia, too. Andres Tarand is a geologist and the former director of Estonia's botanical gardens.

Tarand lives in Tallinn together with his wife, Mari Tarand, and his mother-in-law, Linda Vilding. Writer and member of Parliament Jaan Kross, among others, lives in the same wing of their building.

Mari Tarand is Radio Estonia's culture editor. The Tarands have two sons, the older of whom, Indrek Tarand, is a Foreign Ministry secretary of state. Kaarel Tarand is well-known as a columnist and commentator.

The Vilding family is a cultivated family well-known in Estonia. Paul Vilding was a well-known poet. Linda Vilding has been making Finland known in Estonia for a long time now. A translation of the entire "Niskavuori" series, among other items, by Hella Wuolijoki is included in her list of credits.

Mari Tarand's younger brother, Juhan Vilding, is a well-known actor, director, and poet. As a writer, he is known by the pen name, Jyri Ylt. Older sister Anni Kreem is a textile designer.

Among others, President Lennart Meri, a historian and folklorist and holder of honorary doctorates from several foreign universities, is one of the most well-known politicians who comes from the intelligentsia.

Among the candidates who opposed Meri was political scientist and historian Prof. Rein Taagepere, who has made a career in science for himself in the United States.

Tarand's predecessor as prime minister was historian Mart Laar.

Prominent names at the top in the world of politics have also been Marju Lauristin, who has just been transferred to Tartu as professor of communications theory and mass media, former prime minister, philosopher, and future researcher Edgar Savisaar, who did his dissertation on the Club of Rome, and former minister of culture and writer Paul-Erik Rummo.

In the Estonian Parliament we further find composer and pianist Vardo Rumassen and essayist Jaan Kaplinski, among others.

Party System's Fluidity Seen Campaign Factor

95P20548A Stockholm SVENSKA DAGBLADET in Swedish 8 Feb 95 p 7

[Article by Elisabeth Crona: "31 Parties in Election Campaign"]

[FBIS Translated Text] (Tallinn) "The Moderates" are social democrats; "Our Home is Estonia" the Russian party. In Estonia's "blue party" are found artists and intellectuals.

The Estonian parties are many, and would be difficult to define on a chart of Nordic parties. They often lack party programs according to our definition, and instead are gathered around one or more well-known political figures.

To jump from one party to another, or to suddenly start a new one, is not at all equally dramatic as a Swedish party move.

Some thirty parties are fighting for 101 seats in the election for Estonia's parliament on 5 March. Many have no chance of entering parliament, since the threshold for representation is five percent. For this reason, seven temporary electoral alliances have been formed. Only nine parties are going into the election alone.

Sparse On The Left

In these electoral alliances one can find, for example, royalists and greens in the same grouping, called "The Fourth Force." There is a plentiful supply of farmers' parties and right-wing parties. It is more sparse on the left. But Estonia's communists, who have rechristened themselves as the Estonian Democratic Party, will probably enter parliament.

Three Russian parties have joined forces under the electoral alliance "Our Home Is Estonia." Two of these are seen as conciliatory. One has a tougher Russian profile. A successful election outcome is being predicted for this alliance, even though only Russians with Estonian citizenship can vote in the parliamentary election.

Popular Veterans

But the big election wind is blowing from another direction. Five parties are behind the "Convergence Party and Agrarian Union." There are two political personalities with high popularity: Tiit Vahi and Arnold Ruutel.

Ruutel dueled with [President Lennart] Meri for the presidency, and may do this again in the next presidential election. He is a former communist, and was chairman of the then Estonian Supreme Soviet.

Ruutel has strong support among mainly among older Estonians, who value his calmness and stability.

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Power Shift Expected

The general view is that there will be a change of regime after the election. The politically independent Prime Minister Andres Tarand is currently leading a government largely based on the conservative cabinet of predecessor Mart Laar. The main thinking is that Estonia is standing before a "politics of restoration."

This is not expected to be as in neighbor country Lithuania, with the voters turning back to old leaders, those active in the Communist Party. Rather, it is the old nomenklatura—men who during the Soviet period worked within the system, but not in the party apparatus—who are on the rise.

Vahi, for example, was head of the Soviet state-owned trucking company. He has now formed a pragmatic party around himself, without any clear program.

"Ethnically Pure" Groups

Leo Salonen, a Finn and head of the Nordic Information Office in Tallinn, sees a clear axis connecting Vahi, Ruutel and Edgar Savisaar, chairman of one of the centrist parties, former prime minister, and leader of the Popular Front during the liberation fight.

Salonen also asserts that Estonia now has an election campaing with "ethnically pure" groupings, including the Russian electoral alliance. There are Estonians who consider this a dangerous trend—especially in the heat of an election campaign—even if the situation is not as sharply defined as in Latvia. Other observers think that the Russian-speaking Estonians are satisfied with their lives in Estonia, and are going to act calmly in the campaign and refrain from fanning disagreements.

Increased Stability

Lars Grundberg, Sweden's ambassador in Estonia, sees the formation of electoral alliances as a positive sign. Fewer actors can lead to greater stability in the political system.

He also thinks that it is difficult to place—as in the Nordic way—the various parties on a simple right-left scale.

Salonen sees the Estonian parties as concentrating more on power plays than on first determining, and then promoting, the goals of party members.

Scandals

Salonen expects a campaign fight in which the various groupings will try to dig up scandals about each other—for example, a suspicion of former ties to the KGB. "But the games of top leaders are not what is decisive in Estonian society of today," he says. "The fundamental thing is that ordinary Estonians have good sense. Therefore, the general trend is positive. But this cannot tolerate a more rapid change than is going on now."

[Box, p 7]

Estonian Political Parties In Advance of March Election Seven electoral alliances have been formed (approximate translations): The Moderates:

—Agrarian Center Party (Ivar Raig)

—Social Democrats (Prime Minister Andres Tarand top candidate for the

parliament) The Pro Patria [Isamaa] and the Estonian National Independence Party (ERSP):

—Isamaa (former Prime Minister Mart Laar's party)

—ERSP (party leader Tunne Kelam) The Convergence Party and Agrarian Union:

—Convergence Party (Tiit Vahi)

—Rural Union

—Rural People (party leader is former communist Arnold Ruutel)

—Pensioners' and Family Party

—The Farmers Justice:

—The Democratic Labor Party (formerly the Communists, party leader Vaino

Valjas)

—The Justice Party The Fourth Force:

—Royalists

—The Greens Our Home Is Estonia:

—United Labor Party

—The Russian Party

—A radical Russian party Better Estonia-Estonian Citizens:

—The Estonian Homeland

—National Protection Party

—National Progressive Party

—National Party

—Northern Estonian Citizens' Party

—Southern Estonian Citizens' Party

Nine Parties Outside Electoral Alliances: Democratic Union

—The Center Party (party leader Edgar Savisaar)

—National Confederation

—Reform Party—The Liberals (Central Bank chief Siim Kallas party leader)

—The Blue Party

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—The Farmer's Party

—The Forestry Party

—The Future Party

—The Republican Conservative Party (defectors from Mart Laar's Party)

Latvia

Local Government Deputies Relinquish Mandates

954K0480B Riga DIENA in Latvian 17 Jan 95 p 7

[Article by Martins Kibilds: "Sixty-eight Local Government Deputies Have Already Relinquished Their Mandates."]

[FBIS Translated Text] Riga, January 12. Since the local government elections in May of last year, 68 local government deputies have already relinquished their mandates. For a total of 594 local governments in Latvia, there are 4,771 deputies. The reasons for relinquishment are not known by the Central Elections Commission because, aa provided by law, deputies are not require to present a reason.

Already this year, four deputies have relinquished their mandates—one each from the Ogre rayon council, Balva rayon Berzpils rural district council, Staicele city council and Talsis city council. Such a vacancy is filled by the next person on the election ballot, although, if all candidates on the ballot have already been elected and there are no "alternates", then the deputy's seat remains vacant.

The majority of cases were relieved from their deputy duties by personal request of the deputy, and only one deputy—Zigrida Bumbule from the Liepaja rayon Saka rural district council—was removed from office because she had not participated in council meetings on more than three occasions, and the absences were not excused. In turn, one deputy from the Ventspils council had died. In both of these cases, there was no alternate, thus, the seats remained vacant.

The record holder for the most deputies relinquishing their seats was the Daugavpils city council, where 5 deputies have already relinquished their mandates, and additionally, they were all from the same ballot (Latvian Socialist Democratic Workers Party, together with the Workers Party and Latgale Democratic Party). From the Kuldiga council, there were four deputies who relinquished seats, and likewise, they were from the same ballot—"Initiative". Three deputies from the Ogre council relinquished seats from the "United Forces" ballot, and in the Kuldiga rayon Ivanda rural district, there were three from the "Ivanda" ballot. From these local governments, the deputies who relinquished their mandates were not only those who were originally elected to their seats, but also those who had filled a vacancy. From the Jelgava rayon Eleja rural district, two deputies had relinquished seats, while from the various ballots of the Riga council, the only mandate relinquished was by Andris Grinbergs from "For Fatherland and Freedom", because he was elected as the Acting Director of the council.

At present, the Totalitarianism Consequences Documentation Center (TCDC) is conducting a review of elected deputies, and according to the law, any deputy whose name appears in the KGB agent files may have to relinquish his mandate. If he does so, the case examining his connections with the KGB will not be brought to court. It cannot be ruled out that some the deputies relinquished their mandates for this reason. However, since the reasons for relinquishing a mandate do not have to be presented, it is impossible to determine how many such deputies were there. "Diena" has information that at least one deputy, who relinquished his mandate in the Lielvarde city council and about whom the press has released information prior to the elections, has been confirmed by the TCDC as being in the KGB agent files.

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